CITY OF
SOUTHLAKE
TEXAS

Comprehensive Annual Financial Report
For the Fiscal Year Ended
September 30, 2019

CITY OF SOUTHLAKE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

As Prepared By

Sharen Jackson, CPA

Chief Financial Officer

CITY OF SOUTHLAKE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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INTRODUCTORY SECTION

CITY OF
SOUTHLAKE

Finance Department

March 10, 2020

Honorable Mayor Laura Hill and
Members of City Council
City of Southlake
Southlake, Texas

Honorable Mayor and Councilmembers:

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Southlake for the fiscal year ended September 30, 2019. This report was prepared by the Finance Department in accordance with the Southlake Charter, Statutes and generally accepted accounting principles for governments. In addition to meeting legal requirements, this report reflects the City's commitment to full financial disclosure. We encourage you to thoroughly read this report and take the opportunity to discuss some of the important items it addresses.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The financial statements are presented in accordance with Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments.* The presentation of the City's financial information includes two financial statements that provide a government-wide perspective using the accrual basis of accounting. The two government-wide statements present governmental activities separately from business-type activities. The inclusion of the government-wide statements in this format enables a more thorough understanding of the financial operations and condition of the City.

The fund financial statements focus on individual major funds. Each major fund is presented in a separate column in the fund financial statements. Nonmajor funds are aggregated and presented in a combined column. Budget to actual comparisons are presented as required supplementary information and are limited to the general fund and special revenue funds. The comparisons are now more informative, including both the original adopted budget and the final amended budget.

We believe the reporting model will assist in making economic, social and political decisions and in assessing accountability to the residents by:

- comparing actual financial results with the legal adopted budget, where appropriate;
- assessing financial condition and results of operations;
- assisting in determining compliance with fiscally-oriented laws, rules and regulations; and
- assisting in evaluating the efficiency and effectiveness of City operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

FINANCIAL STATEMENT FORMAT

This report has been prepared and organized to meet the requirements of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. By following the guidelines of this program, the report's format facilitates understanding by the residents and provides information needed by the most sophisticated and interested financial observers. The report is presented in three sections: introductory, financial and statistical.

- The introductory section, which is unaudited, includes this transmittal letter, GFOA certificate, the City's organizational chart, and a list of principal officials. This section is designed to provide an overview and general understanding of the report.

- The financial section provides a detailed presentation of the financial position and results of operations for the fiscal year ended September 30, 2019. The financial section is divided into four main subsections:

    - Management's Discussion and Analysis
    - Basic Financial Statements and related notes
    - Required Supplementary Information
    - Combining and Individual Fund Financial Statements

Readers are encouraged to pay particular attention to Management's Discussion and Analysis and to the footnotes to the basic financial statements. These provide valuable analysis and explanation of the financial statements.

- The statistical section, which is unaudited, includes a number of multi-year tables and other data designed to present social, economic and financial trends of the City, providing an overall view of the fiscal capacity of the City.

The financial reporting entity includes all the funds of the primary government, as well as all of its component units in accordance with GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Reporting Entity."* Component units are legally separate entities for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of the authority of the organization's governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Southlake Parks Development Corporation ("SPDC"), Southlake Crime Control and Prevention District (the "District"), Southlake Community Enhancement and Development Corporation (CEDC) and Tax Increment Reinvestment Zone ("TIF") are included in the governmental funds (special revenue) of the primary government as blended component units. SPDC was formed in January 1994 pursuant to a successful election in November 1993 to adopt an additional half-cent sales tax for park and recreation facility development. SPDC is organized exclusively to act on behalf of the City for the financing, development and operation of parks and recreation facilities. Also included in this report is financial information for the District. In November 1997, voters approved an additional half-cent sales tax for Crime Control and Prevention initiatives. The District is organized exclusively to act on behalf of the City for the financing, development and crime control throughout the City. In May 2015, Southlake voters overwhelmingly approved the reallocation of a portion of the District half-cent sales tax for the purpose of constructing and operating a recreation center through CEDC. The District's half-cent sales tax was reduced to a one-eighth cent tax, and the remaining three-eighths was reallocated to address recreational and economic development needs for the City, as permitted by State law, through CEDC. Also, included are the financial statements of the TIF which was created in 1997 to encourage quality commercial growth. The TIF was formed to finance and make public improvements, under the authority of the Tax Increment Financing Act.

PROFILE OF THE GOVERNMENT

General Information

Although Southlake has been a high-growth community for years, when the first settlers arrived in 1845 they found only a vast area of land and trees where the grand prairie and cross timbers merged. As the site of the first permanent settlement in Tarrant County, a portion of present day Southlake was homesteaded in 1866, which consisted of 360 acres. Keeping with the time, the primary industry was agriculture. Farmers grew peanuts, grains and cotton, and families raised their own livestock.

The area that would become Southlake remained a rural farming community for more than 100 years until the U.S. Army Corps of Engineers built Lake Grapevine in 1952. The lake spurred much of the area's early growth and was the beginning of dramatic change. The town officially incorporated on September 25, 1956 by a public vote of 30 in favor and 24 against. The original town contained 1.62 square miles and had a population of just over 100. The residents chose to call this new town Southlake because it was…south of Lake Grapevine! The Southlake Fire Department was launched in 1965 and the first piece of fire equipment was a 1950 Diamond T-Military unit with a tank capacity of 1,000 gallons and an auxiliary pump. The first chief of police was hired in 1966, and the City purchased its first patrol car in 1967.

The opening of the Dallas-Fort Worth International Airport in 1974 served as the next catalyst of growth in the area and Southlake residents adopted a home-rule charter in April 1987, which created the current council-manager form of government with six Council Members and a Mayor who are elected at large on a non-partisan basis for staggered three-year terms. But the single most important event in bringing residential subdivision development to Southlake was the completion of water and sewer lines in the southern portion of the city in the early 1990s.

Since that time, much like the area's first settlers were attracted to the area with its endless possibilities, Southlake has continued to attract the suburban settler desiring a high quality of life and the small town charm that has been preserved from Southlake's past.

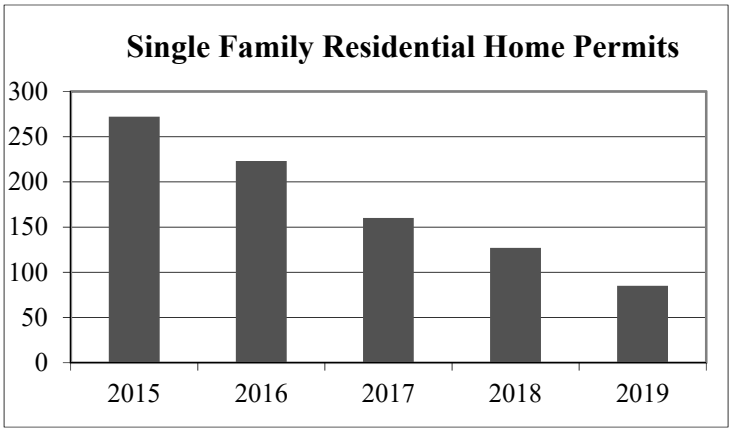
Services Provided

Services provided by the City under general governmental functions include public events, public safety, planning and development, engineering, street maintenance, parks operation and maintenance, recreation, library services, and general administrative services. The City does not provide educational or welfare services.

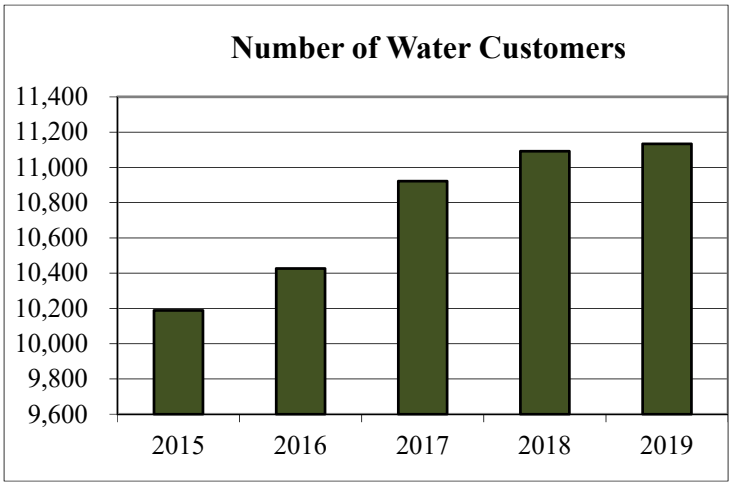
Water and sewer services and solid waste collection are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments of outstanding debt.

Economic Condition and Outlook

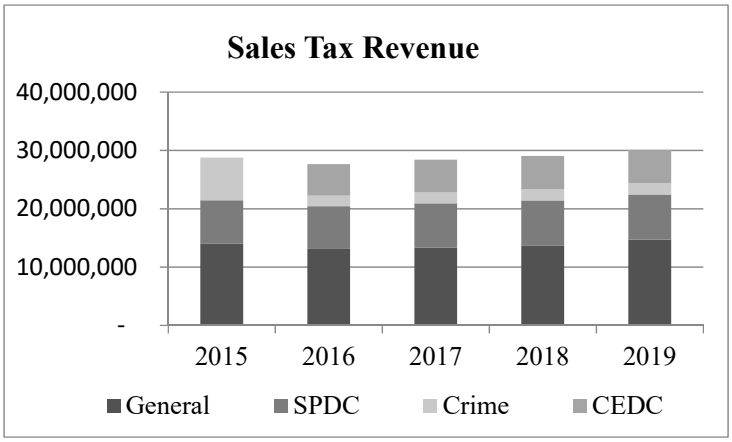
The City of Southlake continues to be one of the major growth areas in Texas. The City is in a prime location in Northeast Tarrant County, 5 minutes west of Dallas/Fort Worth International Airport, and 10 minutes east of the Alliance Airport, a commercial aviation and industrial complex in north Fort Worth. State Highway 114, FM1709, and FM1938, the regional road arterials, serve the City.



There were 85 single family residential permits issued in Fiscal Year 2019 with an average new home construction value, excluding land value, of approximately $1,000,000. As noted on the chart the city experienced a reduction in residential home construction.



Water customers increased from 11,092 in Fiscal Year 2018 to 11,133 in 2019, while wastewater customers increased from 8,908 to 9,008 during the same year. The chart shows the five-year trend of increasing water customers, the result of the building permit activity. The City has developed master plans for land use, water, sewer, parks, trails, and thoroughfares, and has implemented regulatory controls that will maintain the anticipated quality growth into the future.



The City of Southlake experienced an increase in sales tax collections during the fiscal year as indicated on the chart. Sales tax collections totaled $30,077,299 in fiscal year 2019, a 3.55% increase from the previous year.

Future Development
During 2019, approximately 12 new construction commercial permits were issued by the city representing over 252,919 square feet of future retail/office.

- Southlake's newest hotel, Delta Marriott Southlake, broke ground in May 2019. The Delta Hotel will be approximately 165,475 square feet at six stories tall and include 240 rooms and assorted amenities.

Financial Management Principles
The City has strong financial management principles that provide the framework for the City's financial sustainability.

- Tax rate management. The tax rate is allocated properly between maintenance/operations and debt service.
- Structural balance. The City's ability to weather potential economic downturns or other financial challenges is critical. The City does not use reserves to balance the operating budget.
- Reserve management. The City's fund balance policy requires a minimum 15% and optimum 25% balance. The City uses "excess" reserves as a means to fund one-time, "pay-as-you-go" projects.
- Multi-year financial plan. The long-term effect of today's decisions on tomorrow's financial situation is an important consideration during the budget process.
- Quality service delivery. The City is committed to meeting the needs of our community through high quality service delivery.
- Risk management. The City supports ongoing initiatives to safeguard the public trust by internal audits and other initiatives to maintain a strong control environment.

For fiscal year 2019, the property tax rate was reduced from $0.462 to .447 per $100 net taxable valuation.

OTHER INFORMATION

Independent Audit
The City Charter requires an annual audit of the financial status of the City by independent Certified Public Accountants selected by the City Council. This requirement has been met and the auditor's report has been included in this report.

Awards
The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards.

Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Southlake received a Certificate of Achievement for the year ended September 30, 2018, and believes our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the City also received the GFOA's Distinguished Budget Presentation award for its annual budget dated October 1, 2018. In order to qualify for this award, the City's budget document was judged to be proficient in all categories, including as a policy document, a financial plan, and operations guide, and a communications device.

Acknowledgments
The preparation of this report could not be accomplished without the dedication and efficiency of the entire staff and our independent auditor. I would like to express my sincere appreciation to all employees who contributed to its preparation. I would also like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and efficient manner.

Respectfully submitted,

Sharen Jackson, CPA
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Southlake

Texas

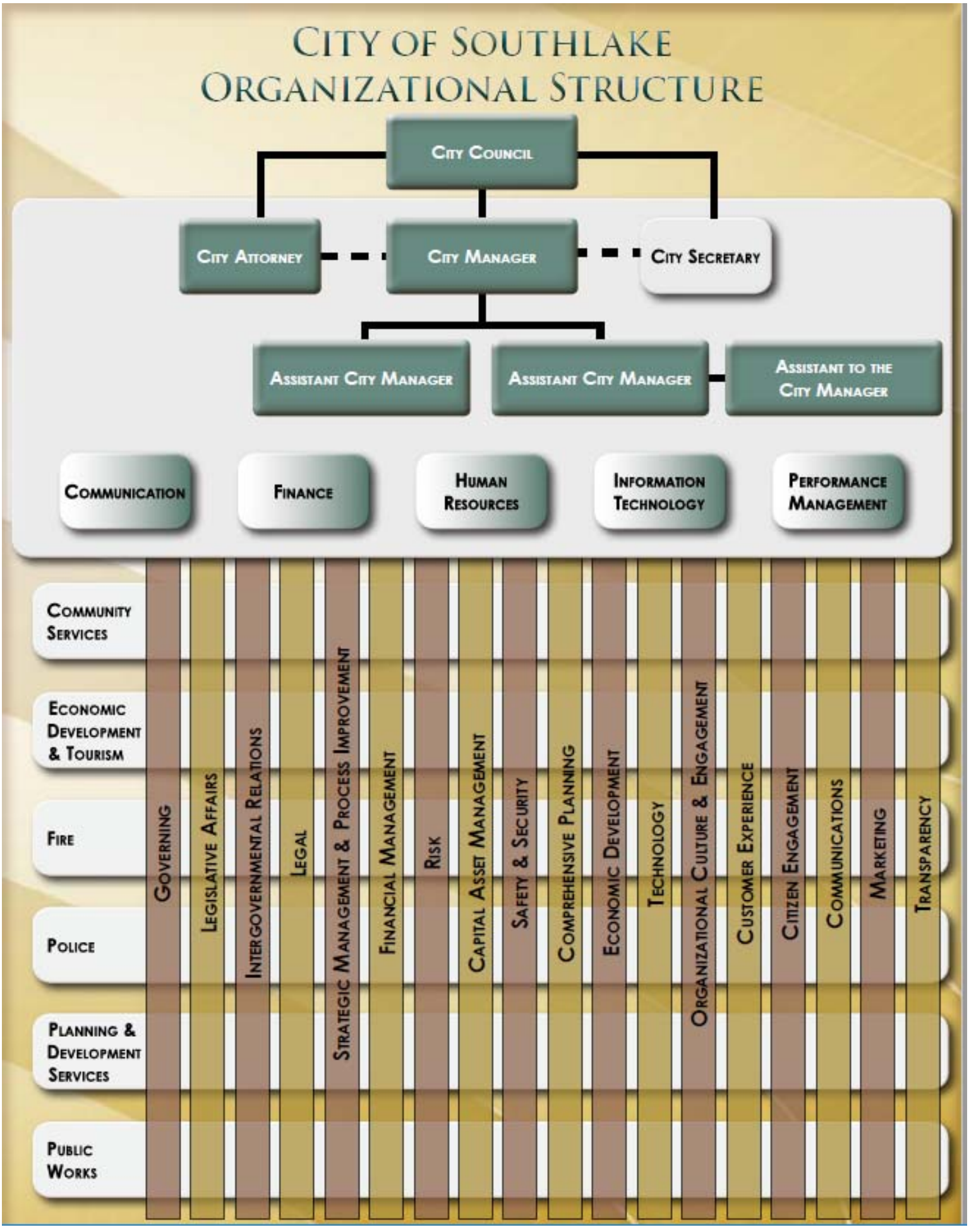
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of Southlake
Organizational Structure



LIST OF PRINCIPAL OFFICIALS

Laura K. Hill	Mayor
Shawn McCaskill	Mayor Pro Tem
John Huffman	Deputy Mayor Pro Tem
Shahid Shafi	Council Member
Chad Patton	Council Member
Christopher Archer	Council Member
Ronell Smith	Council Member
Shana K. Yelverton	City Manager
Benjamin Thatcher	Assistant City Manager
Alison Ortowski	Assistant City Manager
Amy Shelley	City Secretary
Sharen Jackson	Chief Financial Officer
Alison Ortowski	Director of Economic Development
Robert Cohen	Director of Public Works
Chris Tribble	Director of Community Services
Stacey Black	Director of Human Resources
Ken Baker	Director of Planning/Development

FINANCIAL SECTION

Independent Auditor's Report

To Members of the City Council
and City Manager
City of Southlake, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Southlake, Texas (the City) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970 | Fax:972.702.8321
CPAs AND ADVISORS | WEAVER.COM

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, TMRS pension schedules, OPEB schedules and condition rating of street system, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The Members of the City Council
and City Manager
City of Southlake, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 10, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Southlake's Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on currently known facts, decisions, and conditions. It is intended to provide a broad overview and short-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify material deviations from the approved budget, and identify individual fund issues.

The City presents its financial statements in accordance with the reporting model required by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments.* This reporting model significantly changes not only the presentation of financial data, but also the manner in which the information is recorded.

The information contained within this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and the other Required Supplementary Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City of Southlake exceeded its liabilities and deferred inflows of resources at September 30, 2019 by $631,114,403 (net position). Of this amount, $115,548,762 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased by $21,252,841. This increase can be attributed to increases in ad valorem, sales tax revenue and interest on investments.

At September 30, 2019, the City's governmental funds reported combined ending fund balances of $126,387,448. Approximately 9.9% of this amount, $12,517,340 is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was $12,517,340 or 30.8% of total General Fund expenditures.

At the end of the current fiscal year, the City of Southlake outstanding debt totals $148,280,013 a net decrease of $5,163,167 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources measurement focus and the accrual basis of accounting; meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term obligations. The difference between the two is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the City's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

The Statement of Net Position and the Statement of Activities divide the City's activities into two types:

Governmental activities- Most of the City's basic services are reported here, including general administration, debt services, public safety, public works, parks and community services, public library, public events and facilities, planning and development and finance. Property, sales and franchise taxes provide the majority of the financing for these activities.

Business-Type activities- Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include water distribution and wastewater collection and solid waste collection and disposal.

The government-wide financial statements are found on pages 16-17 of this report.

FUND FINANCIAL STATEMENTS

The City of Southlake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds- These funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provided a reconciliation to facilitate this comparison. The reconciliation explains the differences between the government's activities as reported in the government-wide financial statements and the information presented in the governmental funds financial statements.

The City maintains 24 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, General Obligation Debt Service Fund, General Capital Projects Fund, Southlake Parks Development Corporation, Tax Increment Financing District Fund, and Community Enhancement and Development Corporation Capital Projects Fund, all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 18-23 of this report.

Proprietary Funds- When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City of Southlake maintains two different types of proprietary funds: enterprise and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and solid waste. These services are primarily provided to outside or non-governmental customers.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle and equipment replacement.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water and sewer operations, which is considered to be a major fund of the City, and can be found on pages 24-26 of this report.

Fiduciary funds – the City presents one agency fund, the Cash Escrow Agency Fund, which is custodial in nature and does not involve measurement of results of operations; and one trust fund, the Southlake OPEB Liability Trust Fund, which accounts for the funding of post-employment healthcare benefits for retirees of the City and their dependents. The financial statements for the fiduciary funds can be found on pages 27-28 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 29-69 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets of the City at September 30, 2019 were $787,345,600 while total liabilities were $166,249,674 along with deferred outflows $(11,120,609) and inflows $(1,102,132) of resources resulting in a net position balance of $631,114,403.

The largest portion of the City's net position, $482,875,541 reflects its investment in capital assets (land and improvements, building, infrastructure, machinery and equipment net of accumulated depreciation); less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities net position increased by $20,610,750. This increase is primarily attributable to increases in property taxes, sales taxes, and interest on investments.

Business-type Activities net position increased by $642,091. The majority of this change can be attributed to an increase in interest on investments.

The following analysis highlights the net position as of September 30, 2019:

	Governmental Activities	Business-Type Activities	2019 Total
Current and other assets:	$ 143,811,649	$ 52,372,685	$ 196,184,334
Capital assets	486,520,755	104,640,511	591,161,266
Total assets	**630,332,404**	**157,013,196**	**787,345,600**
Deferred outflows of resources	9,972,998	1,147,611	11,120,609
Other liabilities	10,240,563	7,729,098	17,969,661
Long-term debt outstanding	109,387,033	38,892,980	148,280,013
Total liabilities	**119,627,596**	**46,622,078**	**166,249,674**
Deferred inflows of resources	581,972	520,160	1,102,132
Net position:			
Net investment in capital assets	399,651,828	83,223,713	482,875,541
Restricted-debt service	8,009,333	-	8,009,333
Restricted-other	24,680,767	-	24,680,767
Unrestricted	87,753,906	27,794,856	115,548,762
Total net position	**$ 520,095,834**	**$ 111,018,569**	**$ 631,114,403**

The following analysis highlights the net position as of September 30, 2018:

	Governmental Activities	Business-Type Activities	2018 Total
Current and other assets:	$ 141,882,871	$ 47,308,187	$ 189,191,058
Capital assets	475,681,859	108,167,591	583,849,450
Total assets	**617,564,730**	**155,475,778**	**773,040,508**
Deferred outflows of resources	5,538,733	919,337	6,458,070
Other liabilities	10,554,523	2,841,478	13,396,001
Long-term debt outstanding	110,448,216	42,994,964	153,443,180
Total liabilities	**121,002,739**	**45,836,442**	**166,839,181**
Deferred inflows of resources	2,615,640	182,195	2,797,835
Net position:			
Net investment in capital assets	392,406,812	83,461,157	475,867,969
Restricted-debt service	7,345,622	-	7,345,622
Restricted-other	21,146,969	-	21,146,969
Unrestricted	78,585,681	26,915,321	105,501,002
Total net position	**$ 499,485,084**	**$ 110,376,478**	**$ 609,861,562**

The following analysis highlights the changes in net position for the year ended September 30, 2019:

	Governmental Activities	Business-Type Activities	2019 Total
Revenues:			
Program revenues:			
Charges for services	$ 9,369,916	$ 29,929,932	$ 39,299,848
Operating grants and contributions	866,518	-	866,518
Capital grants and contributions	1,437,166	896,652	2,333,818
General revenues:			
Taxes	76,717,267	-	76,717,267
Interest on investments	3,247,401	868,227	4,115,628
Miscellaneous	476,577	-	476,577
Total revenues	92,114,845	31,694,811	123,809,656
Expenses:			
General government	20,014,583	-	20,014,583
Public safety	23,881,485	-	23,881,485
Public works	10,081,721	-	10,081,721
Culture and recreation	15,955,201	-	15,955,201
Interest on long-term debt	2,750,037	-	2,750,037
Water and sewer	-	29,873,788	29,873,788
Total expenses	72,683,027	29,873,788	102,556,815
Increase in net position before transfers	19,431,818	1,821,023	21,252,841
Transfers	1,178,932	(1,178,932)	-
Increase in net position	20,610,750	642,091	21,252,841
Net position-beginning of year	499,485,084	110,376,478	609,861,562
Net position-End of Year	**$ 520,095,834**	**$ 111,018,569**	**$ 631,114,403**

The following analysis highlights the changes in net position for the year ended September 30, 2018:

	Governmental Activities	Business-Type Activities	2018 Total
Revenues:			
Program revenues:			
Charges for services	$ 8,327,945	$ 32,229,361	$ 40,557,306
Operating grants and contributions	459,006	-	459,006
Capital grants and contributions	1,044,834	2,367,774	3,412,608
General revenues:			
Taxes	74,175,500	-	74,175,500
Interest on investments	2,108,804	320,473	2,429,277
Miscellaneous	-	4,166	4,166
Total revenues	86,116,089	34,921,774	121,037,863
Expenses:			
General government	18,255,444	-	18,255,444
Public safety	23,962,971	-	23,962,971
Public works	10,040,453	-	10,040,453
Culture and recreation	12,775,020	-	12,775,020
Interest on long-term debt	3,047,221	-	3,047,221
Water and sewer	-	29,068,434	29,068,434
Total expenses	68,081,109	29,068,434	97,149,543
Increase in net position before transfers	18,034,980	5,853,340	23,888,320
Transfers	1,211,036	(1,211,036)	-
Increase in net position	19,246,016	4,642,304	23,888,320
Net position-beginning of year	481,287,254	105,776,966	587,064,220
Cumulative effect of change in accounting principle	(1,048,186)	(42,792)	(1,090,978)
Net position-End of Year	**$ 499,485,084**	**$ 110,376,478**	**$ 609,861,562**

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

Governmental Funds- The focus of the City of Southlake's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of $126,387,448. Approximately 9.9% or $12,517,340 constitutes unassigned fund balance, which is available for spending at the government's discretion. Other portions of the fund balance are either nonspendable, restricted, committed or assigned for specific purposes to pay for debt service $(8,419,008) recycling $(66,253), police expenditures $(5,254,694) parks $(8,815,413), capital projects $(68,927,095), reinvestment zone expenditures $(2,925,977), municipal court expenditures $(847,247), oil and gas expenditures $(54,754), storm water expenditures $(465,180), strategic initiative expenditures $(7,585,671), facility maintenance $(7,222,995), economic investment $(2,282,718) and other $(1,003,103).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $12,517,340. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30.8% of total General Fund expenditures, while total fund balance represents 75.4% of total General Fund expenditures. The fund balance of the General fund increased $3,657,585 during the current fiscal year. The key factor in the increase in fund balance is the increase in taxes of $1,773,635.

The General Obligation Debt Service Fund has a fund balance of $5,963,041 all of which is restricted for the payment of debt service. The fund balance increased during the year by $537,429 primarily due to the refunding of debt which lowered interest payments. The fund balance in the General Capital Projects Funds ended the year at $44,078,748 an increase of $513,055 due to the transfers from other funds. The Southlake Parks Development Corporation Special Revenue fund balance decrease of $744,680 primarily due to increase in expenditures and transfers out to capital projects funds for projects. The Tax Increment Financing District fund balance increase of $2,002,884 primarily due to more property tax revenues and lower project cost. Community Enhancement Development Corporation Capital Projects fund balance decreased $8,120,617 due to continued construction.

FINANCIAL ANALYSIS OF THE PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position reported in the Proprietary Funds were: $27,794,856 in the Water and Sewer Fund and $7,326,280 in the Vehicle and Equipment Replacement Fund. Total net position in the Water and Sewer Fund increased by $642,091 while the Vehicle and Equipment Replacement Fund net position increased by $3,268,800. Water and sewer operating revenues exceeding operating expenses and increased transfers from other funds are the primary reasons for the respective changes in net position.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City made revisions to the original budget approved by the City Council. Management's estimate of the General Fund's budgeted revenues increased $1,254,284 or 2.6% from original budget based on year-to-date experience.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets- The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amount to $591,161,266 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

The City has elected to use the modified approach for its street system in lieu of the depreciation method. An up-to-date inventory of these infrastructure assets was performed and the annual costs to maintain and preserve these assets was established and disclosed through administrative policy. The current condition level of the street system meets the target condition level established by the City. There were no significant changes in the condition levels of infrastructure assets, and the differences between the estimated amounts necessary to maintain and preserve the street system at target condition levels and the actual amount of expense incurred for that purpose for 2019 was not material. Major capital projects completed during the current year included the following:

- 16" water line along N. Pearson
- 8" water line, Whispering Lane & Dell Ct
- Sidewalks citywide
- Champions Club

	Governmental Activities	Business-Type Activities	2019 Total
Land and improvements	$ 112,044,319	$ 19,952,145	$ 131,996,464
Buildings and improvements	117,142,689	228,915	117,371,604
Improvements	-	82,831,710	82,831,710
Infrastructure	241,456,744	-	241,456,744
Machinery and equipment	8,784,970	402,114	9,187,084
Construction in Progress	7,092,033	1,225,627	8,317,660
Total	$ 486,520,755	$ 104,640,511	$ 591,161,266

	Governmental Activities	Business-Type Activities	2018 Total
Land and improvements	$ 112,957,473	$ 19,890,764	$ 132,848,237
Buildings and improvements	75,398,434	259,233	75,657,667
Improvements	-	85,427,061	85,427,061
Infrastructure	242,393,501	-	242,393,501
Machinery and equipment	7,480,061	564,037	8,044,098
Construction in Progress	37,452,390	2,026,496	39,478,886
Total	$ 475,681,859	$ 108,167,591	$ 583,849,450

Additional information on the City's capital assets can be found in Note 4 on pages 48-49 of this report.

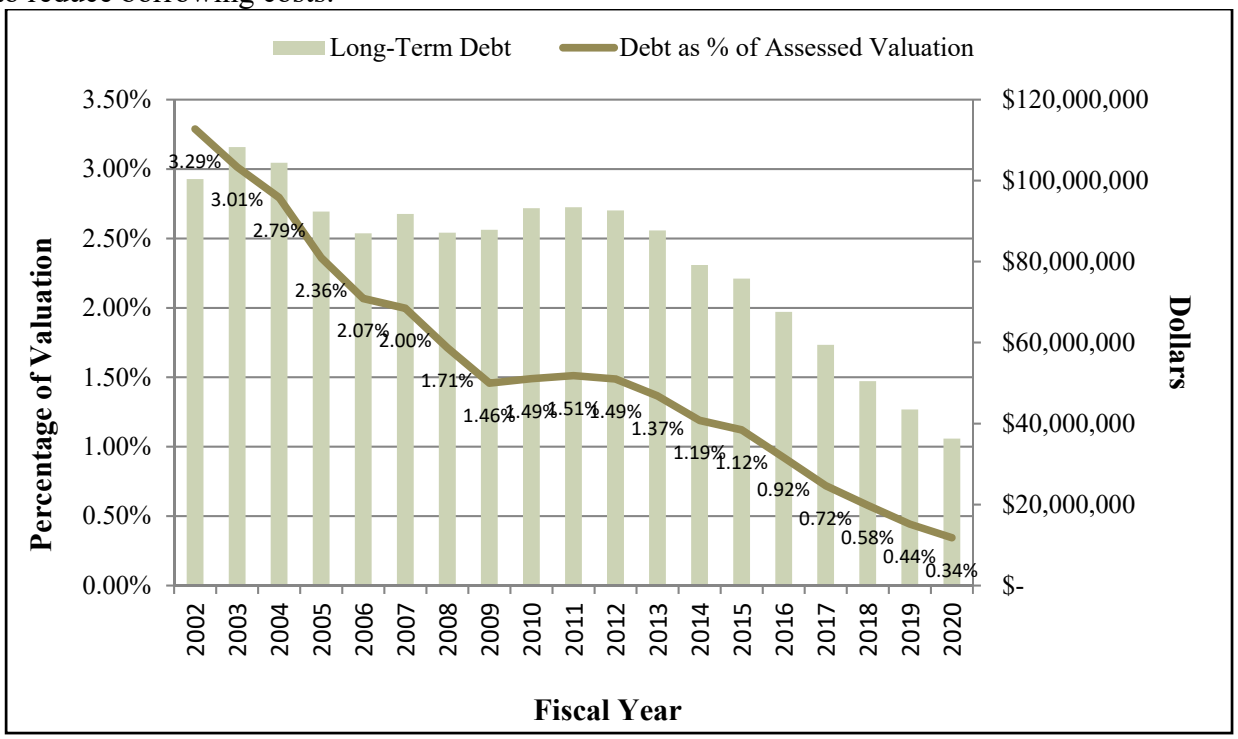
Long-term Debt- At the end of the current fiscal year, the City of Southlake had $92,148,845 total long-term debt outstanding of bonds issued to finance capital improvements for roadway, parks and recreation, public building and infrastructure. $37,279,751 of Utility System bonds, which financed projects to increase capacity of the Utility system, was also outstanding. An additional $1,481,923 was reported for compensated absences at year-end.

	Governmental Activities	Business-Type Activities	2019 Total
Bonds payable	$ 92,148,845	$ 37,279,751	$ 129,428,596
Unearned revenue	-	216,652	216,652
Total OPEB liability for SDBF	617,018	50,817	667,835
Net OPEB liability for Health	511,950	-	511,950
Net pension liability	14,699,327	1,273,730	15,973,057
Compensated absences	1,409,893	72,030	1,481,923
Total	**$ 109,387,033**	**$ 38,892,980**	**$ 148,280,013**

	Governmental Activities	Business-Type Activities	2018 Total
Bonds payable	$ 101,861,831	$ 41,991,292	$ 143,853,123
Unearned revenue	-	223,383	223,383
Total OPEB liability for SDBF	627,758	51,634	679,392
Net OPEB liability for Health	186,457	-	186,457
Net pension liability	6,502,130	649,676	7,151,806
Compensated absences	1,270,040	78,979	1,349,019
Total	**$ 110,448,216**	**$ 42,994,964**	**$ 153,443,180**

The City takes it debt obligation very seriously. Several years ago, the City Council working with City staff set goals to reduce the debt as percentage of assessed valuation over the total long term debt. As you can see in the figure below, the City has reduced the percentage from 3.29% in 2002 to 0.34% in 2020, during a time of growth for the City. The line that you see on this chart is a graphic illustration of one of the reasons why two bond rating agencies have rated Southlake's bonds "AAA".

The City has been able to effectively manage its debt during a period of growth using cash to partially offset borrowing needs. Additionally, managing debt amortization has been a tool used to reduce borrowing costs.



The City's bonds are rated "AAA" by Standard and Poor's and Fitch Ratings. The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

Additional information on the City's long-term debt can be found in Note 6 on pages 49-53 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State of Texas, by constitution, does not have a personal income tax and therefore the State operates primarily using sales and gasoline taxes. Local governments primarily rely on property and sales taxes and fees to fund their government activities.

While property taxes are important to the City, they represent 45.8% of total governmental revenue. Sales tax continues to grow as the second largest governmental resource representing 35.0% of total governmental revenue. The City monitors all of its resources and determines the need for program adjustment or fee increases accordingly.

The FY 2020 Adopted Budget reduced the City's property tax rate from $0.447 to $0.41 per $100 net taxable valuation. The City's property tax roll on net taxable value increased $482,830,120 or 6.6 percent from the 2018 certified roll to the 2019 certified roll, the largest portion of the increase is attributable to new construction value of $353,194,616. As an element of the City's tax relief initiative the homestead exemption was held at the maximum level of 20%. The estimate of the FY 2020 tax roll is based on the certified roll as provided by the Tarrant Appraisal District (TAD) in July. The assumed collection rate is 100 percent.

Requests for Information

This financial report is designed to provide a general overview of the City of Southlake's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, 1400 Main Street, 4th Floor Finance Department, Southlake, Texas 76092.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CITY OF SOUTHLAKE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

EXHIBIT 1

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	$ 130,772,876	$ 17,690,375	$ 148,463,251
Receivables (net of allowance for uncollectibles)	6,994,125	6,017,595	13,011,720
Prepaid items	37,584	-	37,584
Inventories	25,605	-	25,605
Restricted assets			
Cash and cash equivalents	5,952,290	28,315,376	34,267,666
Restricted cash for customer deposits	-	349,339	349,339
Receivables	29,169	-	29,169
Capital assets:			
Non-depreciable	307,720,148	21,177,772	328,897,920
Depreciable (net of depreciation)	178,800,607	83,462,739	262,263,346
TOTAL ASSETS	630,332,404	157,013,196	787,345,600
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge for refunding	2,139,245	522,668	2,661,913
Deferred outflows - TMRS pension	7,287,628	621,216	7,908,844
Deferred outflows - TMRS OPEB	44,839	3,727	48,566
Deferred outflows - OPEB Health	501,286	-	501,286
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,972,998	1,147,611	11,120,609
LIABILITIES			
Accounts payable	7,311,791	6,744,848	14,056,639
Accrued liabilities	1,466,104	411,729	1,877,833
Accrued interest payable	-	223,182	223,182
Unearned revenue	1,034,022	-	1,034,022
Liabilities payable from restricted assets			
Accrued interest	428,646	-	428,646
Customer meter deposits	-	349,339	349,339
Non-current liabilities:			
Due within one year	11,306,568	3,050,355	14,356,923
Due in more than one year	98,080,465	35,842,625	133,923,090
TOTAL LIABILITIES	119,627,596	46,622,078	166,249,674
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding	337,170	491,491	828,661
Deferred inflows - TMRS pension	181,858	24,122	205,980
Deferred inflows - TMRS OPEB	59,771	4,547	64,318
Deferred inflows - OPEB Health	3,173	-	3,173
TOTAL DEFERRED INFLOWS OF RESOURCES	581,972	520,160	1,102,132
NET POSITION			
Net investment in capital assets	399,651,828	83,223,713	482,875,541
Restricted for debt service	8,009,333	-	8,009,333
Restricted for municipal court	847,247	-	847,247
Restricted for reinvestment zone	2,925,977	-	2,925,977
Restricted for capital projects	20,907,543	-	20,907,543
Unrestricted	87,753,906	27,794,856	115,548,762
TOTAL NET POSITION	$ 520,095,834	$ 111,018,569	$ 631,114,403

The Notes to Financial Statements are an integral part of this statement.

CITY OF SOUTHLAKE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT 2

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business - Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: TOTAL
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	$ 20,014,583	$ 2,498,549	$ -	$ -	$ (17,516,034)	$ -	$ (17,516,034)
Public safety	23,881,485	3,001,895	29,571	-	(20,850,019)	-	(20,850,019)
Public works	10,081,721	1,724,344	-	1,437,166	(6,920,211)	-	(6,920,211)
Culture and recreation	15,955,201	2,145,128	836,947	-	(12,973,126)	-	(12,973,126)
Interest on long-term debt	2,750,037	-	-	-	(2,750,037)	-	(2,750,037)
Total governmental activities	72,683,027	9,369,916	866,518	1,437,166	(61,009,427)	-	(61,009,427)
Business-type Activities:							
Water and sewer	29,873,788	29,929,932	-	896,652	-	952,796	952,796
Total business-type activities	29,873,788	29,929,932	-	896,652	-	952,796	952,796
TOTAL PRIMARY GOVERNMENT	$ 102,556,815	$ 39,299,848	$ 866,518	$ 2,333,818	$ (61,009,427)	$ 952,796	$ (60,056,631)
General revenues and transfers:							
Taxes:							
Property taxes, levied for general purposes					$ 41,734,946	$ -	$ 41,734,946
Sales taxes					31,868,204	-	31,868,204
Franchise taxes					3,114,117	-	3,114,117
Interest on investments					3,247,401	868,227	4,115,628
Miscellaneous					476,577	-	476,577
Transfers					1,178,932	(1,178,932)	-
Total general revenues and transfers					81,620,177	(310,705)	81,309,472
CHANGE IN NET POSITION					20,610,750	642,091	21,252,841
NET POSITION, beginning of year					499,485,084	110,376,478	609,861,562
NET POSITION, end of year					$ 520,095,834	$ 111,018,569	$ 631,114,403

The Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS
FINANCIAL STATEMENTS

CITY OF SOUTHLAKE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	GENERAL	GENERAL OBLIGATION DEBT SERVICE	GENERAL CAPITAL PROJECTS	SOUTHLAKE PARKS DEVELOPMENT CORPORATION
ASSETS				
Cash and cash equivalents	$ 31,114,384	$ 5,952,290	$ 45,439,065	$ 8,510,591
Receivables, net of allowances for uncollectibles:				
Ad valorem taxes	88,903	22,249	-	-
Franchise taxes	404,615	-	-	-
Sales taxes	2,796,155	-	-	1,375,062
Interest	35,516	6,920	48,713	9,137
Other	363,567	553	-	25,637
Inventories	25,605	-	-	-
Prepaid items	37,584	-	-	-
TOTAL ASSETS	$ 34,866,329	$ 5,982,012	$ 45,487,778	$ 9,920,427
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,905,368	$ -	$ 1,409,030	$ 95,796
Accrued liabilities	1,306,980	-	-	6,484
Unearned revenue	731,215	-	-	-
TOTAL LIABILITIES	3,943,563	-	1,409,030	102,280
DEFERRED INFLOWS OF RESOURCES				
Unavailable resources	254,214	18,971	-	12,819
TOTAL DEFERRED INFLOWS OF RESOURCES	254,214	18,971	-	12,819
FUND BALANCES				
Nonspendable for:				
Inventories	25,605	-	-	-
Prepaid expenditures	37,584	-	-	-
Restricted for:				
Debt service	-	5,963,041	-	-
Municipal court expenditures	-	-	-	-
Reinvestment zone expenditures	-	-	-	-
Capital projects from restricted sources	-	-	-	9,805,328
Capital projects from unspent bond proceeds	-	-	-	-
Committed for:				
Police expenditures	-	-	-	-
Parks and recreation	-	-	-	-
Oil and gas expenditures	-	-	-	-
Storm water expenditures	-	-	-	-
Library	-	-	-	-
Capital projects	-	-	44,078,748	-
Assigned for:				
Teen Court expenditures	20,427	-	-	-
Senior Center expenditures	10,938	-	-	-
Recycling	66,253	-	-	-
Reforestation expenditures	63,030	-	-	-
Public art	835,991	-	-	-
Facility maintenance	7,222,995	-	-	-
Economic investment	2,282,718	-	-	-
Strategic initiatives	7,585,671	-	-	-
Unassigned	12,517,340	-	-	-
TOTAL FUND BALANCES	30,668,552	5,963,041	44,078,748	9,805,328
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 34,866,329	$ 5,982,012	$ 45,487,778	$ 9,920,427

The Notes to Financial Statements are an integral part of this statement.

TAX INCREMENT FINANCING DISTRICT	COMMUNITY ENHANCEMENT DEVELOPMENT CORPORATION CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 3,088,641	$ 6,502,481	$ 28,797,243	$ 129,404,695
-	-	-	111,152
-	-	-	404,615
-	-	1,459,413	5,630,630
3,323	6,971	31,691	142,271
-	-	339,060	728,817
-	-	-	25,605
-	-	-	37,584
$ 3,091,964	$ 6,509,452	$ 30,627,407	$ 136,485,369
$ 155,860	$ 2,555,829	$ 1,189,908	$ 7,311,791
10,127	-	142,513	1,466,104
-	-	302,807	1,034,022
165,987	2,555,829	1,635,228	9,811,917
-	-	-	286,004
-	-	-	286,004
-	-	-	25,605
-	-	-	37,584
-	-	2,455,967	8,419,008
-	-	847,247	847,247
2,925,977	-	-	2,925,977
-	-	11,089,396	20,894,724
-	3,477,843	-	3,477,843
-	-	5,254,694	5,254,694
-	-	8,815,413	8,815,413
-	-	54,754	54,754
-	-	465,180	465,180
-	-	9,528	9,528
-	475,780	-	44,554,528
-	-	-	20,427
-	-	-	10,938
-	-	-	66,253
-	-	-	63,030
-	-	-	835,991
-	-	-	7,222,995
-	-	-	2,282,718
-	-	-	7,585,671
-	-	-	12,517,340
2,925,977	3,953,623	28,992,179	126,387,448
$ 3,091,964	$ 6,509,452	$ 30,627,407	$ 136,485,369

CITY OF SOUTHLAKE, TEXAS **EXHIBIT 4**
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019

Total fund balances - governmental funds	$ 126,387,448
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet (Less $4,247,012 in assets allocated to governmental activities from the internal service fund).	482,273,743
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(428,646)
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. This amount represents the assets less the liabilities of the internal service fund allocated to governmental activities.	11,573,292
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	286,004
For debt refundings, the difference between the acquisition price and net carrying amount of the debt has been deferred and amortized in the government-wide financial statements. This amount is the net of deferred losses $2,139,245 and gains ($337,170) on refundings.	1,802,075
Deferred outflows of resources related to the City's pension and OPEB liabilities result in an increase in net position in the government-wide financial statements.	7,833,753
Deferred inflows of resources related to the City's pension and OPEB liabilities result in a decrease in net position in the government-wide financial statements.	(244,802)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(109,387,033)
Net position of governmental activities	$ 520,095,834

The Notes to Financial Statements are an integral part of this statement.

CITY OF SOUTHLAKE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	GENERAL	GENERAL OBLIGATION DEBT SERVICE	GENERAL CAPITAL PROJECTS	SOUTHLAKE PARKS DEVELOPMENT CORPORATION
REVENUES				
Ad valorem taxes, penalties and interest	$ 25,832,530	$ 6,585,260	$ -	$ -
Franchise taxes	3,114,117	-	-	-
Municipal sales and mixed beverage taxes	15,128,524	-	-	7,741,005
Licenses, permits and fees	2,600,892	-	-	-
Charges for services	1,792,716	-	-	-
Fines and forfeitures	1,299,244	-	-	-
Grants	124,141	-	-	-
Capital recovery fees	-	-	621,715	-
Interest earned	790,210	130,756	950,658	165,259
Contributions	-	-	16,408	-
Miscellaneous	185,102	-	-	153,824
TOTAL REVENUES	50,867,476	6,716,016	1,588,781	8,060,088
EXPENDITURES				
Current				
General government				
City secretary/mayor	464,268	-	-	-
City manager's office	981,957	-	-	-
Human resources	796,065	-	-	-
Support services	3,377,069	-	-	-
Economic development	139,710	-	-	-
Finance	1,488,770	-	-	-
Municipal court	704,802	-	-	-
Teen court	150,254	-	-	-
Information technology	3,880,271	-	-	-
Public safety				
Police services	6,998,726	-	-	-
Fire services	9,349,015	-	-	-
Public safety support	1,407,406	-	-	-
Building inspection	1,084,454	-	-	-
Public works				
Public works administration	1,725,046	-	-	-
Streets and drainage	1,299,353	-	946,042	-
Planning	1,054,756	-	-	-
Cultural and recreation				
Community services	1,288,071	-	-	-
Parks and recreation	3,655,436	-	-	1,406,278
Library services	826,143	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	5,039,684	-
Debt service:				
Principal retirement	-	5,005,059	-	-
Interest and fiscal charges	-	1,286,749	-	-
TOTAL EXPENDITURES	40,671,572	6,291,808	5,985,726	1,406,278
Excess (deficiency) of revenues over (under) expenditures	10,195,904	424,208	(4,396,945)	6,653,810
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	5,970,000	-	-
Payment to refunding bond escrow agent	-	(6,761,067)	-	-
Premium on issuance of long-term debt	-	730,630	-	-
Proceeds from the sale of capital assets	6,019	-	-	-
Transfers from other funds	2,195,662	173,658	4,910,000	-
Transfers to other funds	(8,740,000)	-	-	(7,398,490)
TOTAL OTHER FINANCING SOURCES (USES)	(6,538,319)	113,221	4,910,000	(7,398,490)
NET CHANGE IN FUND BALANCES	3,657,585	537,429	513,055	(744,680)
FUND BALANCES, BEGINNING OF YEAR	27,010,967	5,425,612	43,565,693	10,550,008
FUND BALANCES, END OF YEAR	$ 30,668,552	$ 5,963,041	$ 44,078,748	$ 9,805,328

The Notes to Financial Statements are an integral part of this statement.

TAX INCREMENT FINANCING DISTRICT	COMMUNITY ENHANCEMENT DEVELOPMENT CORPORATION CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 9,326,453	$ -	$ -	$ 41,744,243
-	-	-	3,114,117
-	-	8,998,675	31,868,204
-	-	560,336	3,161,228
-	-	3,178,275	4,970,991
-	-	498,789	1,798,033
-	-	-	124,141
-	-	-	621,715
25,831	290,332	770,035	3,123,081
-	-	182,041	198,449
-	-	3,008	341,934
9,352,284	290,332	14,191,159	91,066,136
-	-	-	464,268
-	-	-	981,957
-	-	-	796,065
966,262	-	-	4,343,331
-	-	-	139,710
-	-	-	1,488,770
-	-	39,296	744,098
-	-	-	150,254
-	-	-	3,880,271
259,212	-	2,046,538	9,304,476
-	-	-	9,349,015
-	-	-	1,407,406
-	-	-	1,084,454
-	-	-	1,725,046
-	108,000	554,231	2,907,626
-	-	-	1,054,756
-	-	-	1,288,071
-	9,302,949	5,327,461	19,692,124
-	-	8,705	834,848
6,123,926	-	-	6,123,926
-	-	3,246,032	8,285,716
-	-	3,380,000	8,385,059
-	-	1,888,982	3,175,731
7,349,400	9,410,949	16,491,245	87,606,978
2,002,884	(9,120,617)	(2,300,086)	3,459,158
-	-	4,890,000	10,860,000
-	-	(5,550,572)	(12,311,639)
-	-	598,456	1,329,086
-	-	-	6,019
-	1,000,000	9,661,943	17,941,263
-	-	(4,523,841)	(20,662,331)
-	1,000,000	5,075,986	(2,837,602)
2,002,884	(8,120,617)	2,775,900	621,556
923,093	12,074,240	26,216,279	125,765,892
$ 2,925,977	$ 3,953,623	$ 28,992,179	$ 126,387,448

CITY OF SOUTHLAKE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT 6

Net change in fund balances - total governmental funds		$ 621,556
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period. (Does not include additions of $2,468,020 allocated from internal service fund).		15,593,415
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. (Does not include $658,481 allocated from internal service fund).		(7,279,966)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of the following items:		
o Bond proceeds	(10,860,000)	
o Payment to refunded bond escrow	12,311,639	
o Bond premiums	(1,329,086)	
o Repayments	8,385,059	
o Amortization of premiums and deferred losses	426,631	
		8,934,243
The changes in pension liability and deferred outflows/inflows from TMRS are not reported in the governmental funds.		(1,278,048)
The changes in total OPEB liability and deferred outflows/inflows from TMRS are not reported in the governmental funds.		(55,334)
The changes in net OPEB liability and deferred outflows/inflows for healthcare are not reported in the governmental funds.		68,108
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.		(139,853)
Current year changes in accrued interest payable do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.		(937)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net income of the internal service fund is allocated entirely to governmental activities.		3,268,800
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		799,043
Loss on disposal of capital assets results in a decrease in net position, but the net effect is not reported in governmental funds. (Does not include disposals of $37,512 allocated from internal service fund).		(45,623)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		125,346
Change in net position of governmental activities		$ 20,610,750

The Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS
FINANCIAL STATEMENTS

CITY OF SOUTHLAKE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

EXHIBIT 7

	BUSINESS-TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES VEHICLE AND EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 17,690,375	$ 7,320,471
Receivables, net of allowance for uncollectibles:		
Trade accounts	3,142,038	-
Unbilled trade accounts	2,825,449	-
Interest	50,108	5,809
Restricted assets:		
Cash restricted for capital	28,315,376	-
Restricted cash for customer deposits	349,339	-
Total current assets	52,372,685	7,326,280
NON-CURRENT ASSETS		
Capital assets:		
Land and improvements	19,952,145	-
Buildings and improvements	935,501	-
Distribution system	147,219,245	-
Equipment	2,553,907	589,465
Vehicles	553,001	8,018,896
Capacity rights	9,190,988	-
Construction in progress	1,225,627	-
Total capital assets	181,630,414	8,608,361
Less: accumulated depreciation	(76,989,903)	(4,361,349)
Capital assets, net of accumulated depreciation	104,640,511	4,247,012
Total non-current assets	104,640,511	4,247,012
TOTAL ASSETS	$ 157,013,196	$ 11,573,292
DEFERRED OUTFLOW OF RESOURCES		
Deferred charge for refunding	$ 522,668	$ -
Deferred outflows - TMRS pension	621,216	-
Deferred outflows - TMRS OPEB	3,727	-
Total deferred outflows of resources	1,147,611	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	6,744,848	-
Accrued liabilities	411,729	-
Accrued interest	223,182	-
Current portion of general obligation debt	2,978,325	-
Current portion of compensated absences	72,030	-
Payable from restricted assets:		
Customer meter deposits	349,339	-
Total current liabilities	10,779,453	-
NON-CURRENT LIABILITIES		
Unearned revenue	216,652	-
General obligation debt	34,301,426	-
Net pension liability	1,273,730	-
Total OPEB liability	50,817	-
Total non-current liabilities	35,842,625	-
TOTAL LIABILITIES	46,622,078	-
DEFERRED INFLOW OF RESOURCES		
Deferred gain for refunding	491,491	-
Deferred inflows - TMRS pension	24,122	-
Deferred inflows - TMRS OPEB	4,547	-
Total deferred inflows of resources	520,160	-
NET POSITION		
Net investment in capital assets	83,223,713	4,247,012
Unrestricted	27,794,856	7,326,280
TOTAL NET POSITION	$ 111,018,569	$ 11,573,292

The Notes to Financial Statements are an integral part of this statement.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT 8**
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUSINESS-TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES VEHICLE AND EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND
OPERATING REVENUES		
Charges for sales and services:		
Water, sewer and garbage	$ 30,399,969	$ -
Service charges	122,226	-
Total operating revenues	30,522,195	-
OPERATING EXPENSES:		
Personnel services	2,603,585	-
Contractual services	7,430,555	-
Lease payments	7,398	107,856
Supplies	163,832	-
Utilities	8,783,507	-
Administrative	155,354	-
Maintenance	5,232,173	-
Professional benefits	51,935	-
Depreciation and amortization	4,900,965	658,481
Total operating expenses	29,329,304	766,337
OPERATING INCOME (LOSS)	1,192,891	(766,337)
NON-OPERATING REVENUES (EXPENSES)		
Gain on sale of capital assets	-	10,817
Interest income	868,227	124,320
Interest expense and bond administration expense	(1,136,747)	-
Total non-operating revenues (expenses)	(268,520)	135,137
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	924,371	(631,200)
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions - property owners	343,887	-
Contributions - impact fees	552,765	-
Transfers from other funds	-	3,900,000
Transfers to other funds	(1,178,932)	-
Total capital contributions and transfers	(282,280)	3,900,000
CHANGE IN NET POSITION	642,091	3,268,800
NET POSITION, BEGINNING OF YEAR	110,376,478	8,304,492
NET POSITION, END OF YEAR	$ 111,018,569	$ 11,573,292

The Notes to Financial Statements are an integral part of this statement.

CITY OF SOUTHLAKE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

EXHIBIT 9

	BUSINESS-TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES VEHICLE AND EQUIPMENT REPLACEMENT INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 29,482,271	$ -
Cash payments to suppliers	(16,642,437)	(107,856)
Cash payments to employees	(2,509,027)	-
Net cash provided by (used in) operating activities	10,330,807	(107,856)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenses	(1,218,536)	(2,491,030)
Principal payments on bonds	(3,839,941)	-
Bond administration cost	(72,439)	-
Proceeds from issuance of bonds	6,430,000	-
Premium on the issuance of bonds	786,927	-
Payment to refund bond escrow agent	(7,297,389)	-
Interest paid	(1,187,010)	-
Proceeds from sale of capital assets	-	48,329
Contributions - impact fees	552,765	-
Net cash used in capital and related financing activities	(5,845,623)	(2,442,701)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	3,900,000
Transfers to other funds	(1,178,932)	-
Net cash provided by (used in) non-capital financing activities	(1,178,932)	3,900,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	833,871	126,762
Net cash provided by investing activities	833,871	126,762
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,140,123	1,476,205
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	42,214,967	5,844,266
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 46,355,090	$ 7,320,471
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	$ 17,690,375	$ 7,320,471
Cash restricted for capital	28,315,376	-
Restricted cash for customer deposits	349,339	-
Total cash and cash equivalents	$ 46,355,090	$ 7,320,471
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ 1,192,891	$ (766,337)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Pension and OPEB expense	623,237	-
Depreciation	4,717,146	658,481
Amortization	183,819	-
Bad debt expense	143,174	-
Decrease (increase) in assets and deferred outflows of resources		
Receivables	(1,033,193)	-
Deferred outflows of resources - pensions and OPEB	(368,204)	-
Unearned revenue	(6,731)	
Increase (decrease) in liabilities and deferred outflows of resources		
Payables and accruals	4,977,164	-
Customer deposits	55,030	-
Deferred inflows of resources - pensions and OPEB	(153,526)	-
Net cash provided by (used in) operating activities	$ 10,330,807	$ (107,856)
NON-CASH CAPITAL AND RELATED FINANCING:		
Contributions of capital assets from developers	$ 343,887	$ -

The Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUND
FINANCIAL STATEMENTS

CITY OF SOUTHLAKE, TEXAS **EXHIBIT 10**
OPEB LIABILITY TRUST FUND AND CASH ESCROW AGENCY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019

	Trust Fund*	Agency Fund
	Southlake OPEB Liability	Cash Escrow
ASSETS		
Cash and cash equivalents	$ 1,473,519	$ 70,086
Accrued interest receivable	-	75
TOTAL ASSETS	$ 1,473,519	$ 70,161
LIABILITIES		
Due to builders	$ -	$ 70,161
TOTAL LIABILITIES	-	$ 70,161
NET POSITION		
Restricted for post employment benefits other than pensions	1,473,519	
TOTAL NET POSITION	$ 1,473,519	

*The Southlake Other Post Employment Benefit (OPEB) Liability Trust fund is reported as of December 31, 2018.

The Notes to Financial Statements are an integral part of this statement.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT 11**
OPEB LIABILITY TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	Trust Fund Southlake OPEB Liability
ADDITIONS	
Employer contributions	$ 172,843
Investment earnings, net of unrealized/realized gain/(loss)	(38,598)
TOTAL ADDITIONS	134,245
DEDUCTIONS	
Benefit payments	75,843
Administrative expenses	4,390
TOTAL DEDUCTIONS	80,233
CHANGE IN NET POSITION	54,012
NET POSITION - BEGINNNING OF YEAR	1,419,507
NET POSITION - END OF YEAR	$ 1,473,519

The Notes to Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Southlake (the City) operates under a Home Rule Council – Manager form of government. All powers of the City are vested in an elected council, which enables local legislation, adopts budgets, determines policies and appoints the City Manager. The City Manager is responsible for executing the laws and administering the government of the City.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

Financial Reporting Entity

The City is governed by an elected mayor and a six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34."

Under GASB 14 component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.

2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

Based on these criteria, the financial information of the following entities has been blended within the reporting entity. Individual financial statements are not available for these component units.

Southlake Parks Development Corporation (the Corporation) - The Corporation is a nonprofit industrial development corporation formed in January 1994 under the Development Corporation Act of 1979. The Corporation is organized exclusively to act on behalf of the City for the financing, development and operation of parks and recreation facilities. The affairs of the Corporation are managed by a seven member board of directors, of which four are members of the City Council. The annual corporate budget and issuance of debt must be approved by the City Council. Since the Board of the Corporation is substantively the same as the City Council, the Corporation has been reported as a blended component unit.

Southlake Community Enhancement and Development Corporation (CEDC) – The CEDC was formed under the Development Corporation Act of 1979, as amended, Title 12, Subtitle C1 of the Texas Local Government Code. The CEDC is organized to promote economic development within the City, including developing, implementing, providing and financing projects including a community entertainment and recreation center for the City. The District is governed by a seven member board appointed by the City Council. The annual budget and issuance of debt must be approved by the City Council. Since the CEDC provides services entirely to the City, it has been reported as a blended component unit.

Southlake Tax Increment Financing Districts (the TIF) – The TIF was formed to finance and make public improvements, under the authority of the Tax Increment Financing Act. The TIF is governed by a nine member board of directors consisting of the eight members appointed by the City Council, and one member appointed by Carroll Independent School District. Since the Board of the TIF is substantively the same as the City Council; the City has operational responsibility for the TIF and the City receives financial benefit from the TIF, the TIF has been reported as a blended component unit.

Southlake Crime Control and Prevention District (the District) – The District was formed under Chapter 363 of the Texas Local Government Code, the Crime Control and Prevention Act. The District is organized exclusively to act on behalf of the City for the financing, development and crime control throughout the City. The District is governed by a seven member board appointed by the City Council. The annual budget and issuance of debt must be approved by the City Council. Since the District provides services entirely to the City, it has been reported as a blended component unit.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except for fiduciary funds. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column in the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources.

Governmental Funds

The City reports the following major governmental funds:

General Fund-

The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

General Obligation Debt Service Fund-

The General Obligation Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the General Obligation Debt Service Fund is restricted exclusively for debt service expenditures.

General Capital Projects Fund-

The General Capital Projects Fund is used to account for resources used for the acquisition and/or construction of capital facilities by the City, except those financed by proprietary funds and not accounted for by another capital projects fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Southlake Parks Development Corporation-

The Southlake Parks Development Corporation ("SPDC") Fund was established to account for the general operations of the non-profit corporation established to finance, develop and operate park and recreational facilities. The SPDC is funded primarily through the municipal sales taxes.

Tax Increment Financing District-

The Tax Increment Financing (TIF) District Fund was established to account for the general operations of the TIF, which was formed to finance and make public improvements. The TIF is funded primarily through the assessment of ad valorem taxes.

Community Enhancement and Development Corporation Capital Projects Fund-

The Community Enhancement and Development Corporation (CEDC) Capital Projects Fund is utilized to fund the acquisition and construction of a community entertainment and recreation center as approved by the CEDC board of directors. The fund has been financed through the issuance of sales tax revenue bonds.

In addition, the City reports the following non-major governmental funds:

Special Revenue Funds – The City's Special Revenue Funds are used to account for revenue sources that are committed or restricted to expenditures for specified purposes, as follows:

Police Fund-

The Police Fund was established to account for the resources required to be utilized by the police department.

Parks and Recreation Fund-

The Parks and Recreation Fund was established to account for resources restricted to the community services department.

Parks Dedication Fund-

The Parks Dedication Fund was established to account for resources restricted to park improvements. The primary source of revenue for the Parks Dedication Fund is funded through park dedication fees on development.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Crime Control District-

The Crime Control District Special Revenue Fund was established to account for the operations of the Crime Control District, which was established for the financing and development of crime control within the City. The Crime Control Fund is funded primarily through municipal sales taxes.

Hotel Occupancy-

The Hotel Occupancy Tax Fund accounts for all revenues and expenditures relating to the hotel occupancy tax received by the City.

Storm Water Utility-

The Storm Water Utility Fund is used to account for fees collected for the purpose of improving, upgrading and maintaining the City's drainage system.

Court Security Fund-

The Court Security Fund is used to account for Municipal Court fees assessed to provide for court security.

Court Technology Fund-

The Court Technology Fund is used to account for Municipal Court fees assessed to provide for court technology.

Library Fund-

The Library Fund was established to account for resources donated for City library services.

Red Light Camera Fund-

The Red Light Camera Fund is used to account for fees assessed for red light violations captured through the City's camera monitoring system.

Storm Water Maintenance Fund-

The Storm Water Maintenance Fund is used to account for the maintenance on storm water infrastructure.

Community Enhancement and Development Corporation –

The Community Enhancement and Development Corporation ("CEDC") Fund was established to account for the general operations of the non-profit corporation established to finance, develop and operate a community entertainment and recreation center. The CEDC is funded primarily through municipal sales taxes and user fees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Oil and Gas Fund-

The Oil and Gas Fund is used to account for permit fees and the related expenditures for oil and gas drilling.

Commercial Vehicle Enforcement Fund-

The Commercial Vehicle Enforcement Fund is used to account for the fees assessed for commercial vehicle violations.

Debt Service Funds – The City's Debt Service Funds are utilized to account for the accumulation of financial resources for, and the payment of, long-term debt principal, interest, and related costs arising from the issuance of bonds.

Southlake Parks Development Corporation Debt Service Fund-

The Southlake Parks Development Corporation Debt Service Fund is utilized to account for the accumulation of financial resources, primarily transfers from other funds, for the payment of long-term principal and interest costs associated with the financing of improvements of the Southlake Parks Development Corporation.

Community Enhancement and Development Corporation Debt Service Fund-

The Community Enhancement and Development Corporation Debt Service Fund is utilized to account for the accumulation of financial resources, primarily transfers from other funds, for the payment of long-term principal and interest costs associated with the financing of the community entertainment and recreation center.

Capital Projects Funds – The City's Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of specified capital improvements (other than those financed by proprietary funds). Such resources are derived from proceeds of general obligation debt, other sources designated for improvements and interest earned on such proceeds. The City's non-major Capital Projects Funds are as follows:

Southlake Parks Development Corporation Capital Projects Fund-

The Southlake Parks Development Corporation (SPDC) Capital Projects Fund is utilized to fund the acquisition and construction of park recreational facilities as approved by the SPDC board of directors. The fund has been funded primarily through the issuance of general obligation debt.

Crime Control District Capital Projects Fund-

The Crime Control District Capital Projects Fund is utilized to account for the acquisition and construction of capital assets as approved by the District's board of directors. The fund has been funded primarily through the issuance of general obligation debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Proprietary Funds-

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position.

The City reports the following major proprietary fund:

Water and Sewer Enterprise Fund-

The Water and Sewer Enterprise Fund is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

Additionally, the City reports an Internal Service Fund which is used to account for vehicle and equipment replacement provided to departments of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

The City also presents one agency fund, the Cash Escrow Agency Fund and one trust fund, Southlake OPEB Liability Trust Fund. The agency fund is custodial in nature and does not involve measurement of results of operations. Financial statements for the Cash Escrow Agency Fund are prepared on the accrual basis of accounting and reported as of September 30, 2019. The City's OPEB Liability Trust Fund accounts for the funding of post-employment healthcare benefits for retirees of the City and their dependents which is presented as of December 31, 2018.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary and fiduciary funds are reported using the accrual basis of accounting. The government-wide, proprietary fund, and fiduciary trust fund financial statements are prepared using the economic resources measurement focus; however, the fiduciary agency fund has no measurement focus. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available.

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

Cash, Cash Equivalents and Investments

In accordance with GASB Statement No. 31, the City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

The City's cash and cash equivalents are defined as cash on hand, cash and pooled investment demand deposits held with financial institutions, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents also includes long-term investments with maturity of greater than one year. The classification of the City's cash and cash equivalents is reported in Note 2.

The City pools idle cash from all funds for the purpose of increasing income through coordinated investment activities. As of September 30, 2019, the investments held by the City had a remaining maturity of greater than one year from purchase and accordingly are carried at fair value. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool.

Cash and cash equivalents reported as restricted are restricted for debt service, acquisition and construction of capital assets, and for utility deposits held by the City.

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Central Appraisal Districts at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the 2019 levy was based on was $6,892,432,070. Taxes are due on October 1 and are delinquent after the following January 31.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes – Continued

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2019 was 0.447 per $100 of assessed valuation.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.”

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Transactions between Funds

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services provided and used and reimbursements, are recorded as transfers. Interfund services provided and used are not eliminated in the process of consolidation.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted first, then unrestricted resources as required.

Inventories

Inventories are stated at cost (first-in, first-out) and are determined annually by taking a physical inventory. Inventory in the general fund consists of gasoline and supplies held for consumption and is reported on the consumption method. Under the consumption method the cost is recorded as an expenditure at the time individual inventory items are utilized.

Prepaid Items

Certain payments reflect costs applicable to future periods and are recorded as prepaid items in the government-wide and fund financial statements. These items consist principally of postage and building deposits and are reported on the consumption method.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 50 Years
Water and Sewer distribution system	35 - 50 Years
Water hydrants	10-15 Years
Water tanks	35 Years
Computer equipment	5 Years
Heavy equipment and vehicles	10 - 20 Years
Light vehicles	2 - 10 Years
Vehicles	5 Years
Improvements	25 Years
Infrastructure	10 Years

The street network is not depreciated. The City has elected to use the modified approach in accounting for its street infrastructure. The modified approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures which maintain the asset but do not add to or improve the asset. Additions and improvements to the street network are capitalized. The City uses an asset management system to rate street condition and quantify the results of maintenance efforts.

The City has established the Vehicle and Equipment Replacement Internal Service Fund to account for City-owned vehicles and equipment. The fund receives transfer from other funds.

Vacation and Sick Leave (Compensated Absences)

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. Sick leave is not paid upon termination. Upon termination or retirement, an employee is reimbursed up to a maximum number of hours of vacation pay based upon the years of service. All vacation is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, as well as any deferred losses and gains on the refunding of bonds, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are recorded as expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension and total OPEB liabilities, pension and OPEB related deferred outflows and inflows of resources and pension and OPEB expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Deferred Outflows of Resources on the Statement of Net Position

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

Deferred Loss on Refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions/OPEB – these deferred outflows result from pension/OPEB contributions after the measurement date (deferred and recognized as a reduction of the pension/OPEB liability in the following fiscal year); changes in actuarial assumptions and/or differences between expected and actual economic experience (deferred and amortized over the estimated average remaining lives of participants) and/or differences in projected and actual earnings on pension/OPEB assets (deferred and amortized over a closed five year period).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Inflows of Resources Reported on Governmental Fund Balance Sheet

In addition to liabilities, the governmental fund balance sheet reports deferred inflows from receivables that were not collected within 60 days of yearend. The deferred inflow from receivables balances and changes are reported as a reconciling amount to the statement of net positions and activities.

Deferred Inflows of Resources on Statement of Net Position

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources.

Deferred Gain on Refunding – these deferred inflows result from the difference in the debt's reacquisition price and its carrying value that was refunded. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions/OPEB – These differences are deferred and amortized over a closed period equal to the estimated average remaining lives of all employees provided pensions through the plan, while investment experience differences are amortized over a closed 5-year period. While deferred inflow items reported in the balance sheet are described in detail in Note 8 through 9, those that qualify for reporting in the statement of net position consist of pension and OPEB items (difference in expected and actual experience and difference in assumption changes).

Fund Equity

The City has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB Statement No. 54, the City classifies governmental fund balances as follows:

1. Nonspendable fund balance – includes amounts that are not in a spendable form or are required to be maintained intact (example – inventory or permanent funds).
2. Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation (example – court technology and court security funds).
3. Committed fund balance – includes amounts that can only be used for specific purposes determined by City Council (example – capital projects and police expenditures).
4. Assigned fund balance – comprises amounts intended to be used by the City for specific purposes. Intent can be expressed by the City Council or their designee (Chief Financial Officer). In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund (example – Facility Maintenance and economic investments).
5. Unassigned fund balance – is the residual classification of the general fund and includes all amounts not contained in other classifications.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity – Continued

In accordance with GASB 54, the City has also adopted the following policies:

Committed Fund Balance - The City Council is the City's highest level of decision-making authority and approval by resolution is required to establish, modify, or rescind a fund balance commitment. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year. The amount subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance - The City Council has authorized the City's Chief Financial Officer as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.

Unassigned Fund Balance - It is the goal of the City to maintain a fund balance in the General Fund, equal to a minimum of 15% of General Fund budgeted operating expenditures, with the optimum goal of 25%. The City considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances.

It is the goal of the City to maintain 60 days of working capital in the Enterprise Fund, with the optimum goal of 90 days of working capital.

The City shall also maintain all Reserve funds for all statutorily required reserve funds to guarantee debt service.

Order of Expenditure of Funds - When multiple categories of fund balance are available for expenditures, the City will start with the most restricted category and spend those funds first before moving to the next category with available funds (restricted, committed, assigned and unassigned).

During fiscal year 2006, the City began designating funds for strategic initiatives. The source of these funds is reserves in excess of 25% of general fund expenditures. The funds will be used for one-time high impact projects involving infrastructure maintenance, community enhancement and capital acquisition; and are reported as assigned fund balance in the general fund.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2019 up through March 10, 2020, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring disclosure.

NOTE 2. CASH AND INVESTMENTS

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2019 the carrying amount of the City's on demand deposits was $3,941,668 and the bank balance was $4,216,983. As of September 30, 2019, none of the City's deposits were uncollateralized.

Legal and contractual provisions governing deposits and investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies.

Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Government Securities	5 years	100%	None
Commercial Paper	270 days	20%	None
Eligible Investment Pools	365 days	100%	None

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Cash and investments as of September 30, 2019 are classified in the accompanying financial statements as follows:

Primary Government:		
Cash and cash equivalents	$	148,463,251
Restricted cash and cash equivalents		34,267,666
Restricted cash for customer deposits		349,339
Total primary government		183,080,256
Agency and Trust Funds:		
Cash Deposits with financial institutions		70,086
Investments at fair value		1,473,519
Total fiduciary funds		1,543,605
Total cash and investments	$	184,623,861

Cash and investments of the primary government as of September 30, 2019 consist of the following:

Cash on hand	$	7,850
Deposits with financial institutions		3,941,668
Investments at amortization cost		106,116,097
Investments at fair value		73,014,641
Total cash and investments	$	183,080,256

Disclosures relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2019 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Disclosures relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
Government securities	$ 36,988,924	N/A	Not rated
Commercial paper	19,315,442	N/A	Not rated
Mutual funds	16,710,275	N/A	AAAm
TexStar	33,720,697	N/A	AAAm
TexPool	63,384,134	N/A	AAAm
Lonestar Investment Pool	3,762,935	N/A	AAAm
Texas Class	5,248,331	N/A	AAAm
Total	$ 179,130,738		

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2019, the City investments other than external investment pools that represent 5% or more of the City's investments include mutual funds, commercial paper and U.S. Government securities as described in the table below.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2019, none of the City's cash deposits were uncollateralized.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial Credit Risk – Continued

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

		Fair Value Measurements				
	Value at 9/30/19	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Percent of Total Investments	Weighted Average Maturity (Days)
Investments not subject to Fair Value						
Investment Pools						
TexPool	$ 63,384,134	$ -	$ -	$ -	35%	28
TexStar	33,720,697	-	-	-	19%	40
Lone Star	3,762,935	-	-	-	2%	28
Texas CLASS	5,248,331	-	-	-	3%	56
Investments by Fair Value Level						
Federal Farm Credit Bank	5,015,818	-	5,015,818	-	3%	278
Federal Home Loan Bank	11,000,314	-	11,000,314	-	6%	211
U.S. Treasury	4,996,485	-	4,996,485	-	3%	200
Federal National Mortgage Association	15,976,307	-	15,976,307	-	9%	152
Mutual Funds - Short-Term Investments Trust	16,710,275	16,710,275	-	-	9%	13
Texas A&M University	4,999,750	-	4,999,750	-	3%	36
Toyota Motor Credit	4,981,520	-	4,981,520	-	3%	66
State of California	4,998,438	-	4,998,438	-	3%	73
J.P. Morgan Security	1,987,937	-	1,987,937	-	1%	109
University of North Carolina	2,347,797	-	2,347,797	-	1%	255
Total	$ 179,130,738	$ 16,710,275	$ 56,304,366	$ -	100%	82

U.S. Government Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Mutual funds reported as level 1 are valued at the net asset value (NAV) of shares held by the City at year end. The NAV is a quoted price in an active market.

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Investment in State Investment Pools

The City is a voluntary participant in four investment pools: TexPool, TexStar, Texas Class and Lone Star.

The State Comptroller of Public Accounts exercises responsibility over TexPool. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexStar is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. TexStar is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. TexStar uses amortized costs rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares.

Texas CLASS is organized under the Sixth Amended and Restated Trust Agreement in accordance with all the requirements contained in section 2256.016 of the Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, Wells Fargo N.A. Texas CLASS may invest in obligations of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one NRSRO; and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies. Texas CLASS is measured at fair value (i.e., net asset value).

The Lone Star Investment Pool (the Pool) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is governed by an 11 member Board of Trustees, consisting of individuals representing entities participating in the Pool. The fair value of the City's position in the Pool is the same as the value of the Pool shares.

NOTE 3. RECEIVABLES

Receivables at September 30, 2019, for the government's individual major, non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	General	General Obligation Debt Service	General Capital Projects	SPDC Special Rev. Fund	Tax Increment Financing District	Community Enhancement Dev. Corp. Capital Projects
Receivables:						
Property taxes	$ 565,487	$ 141,395	$ -	$ -	$ -	$ -
Sales taxes	2,796,155	-	-	1,375,062	-	-
Franchise taxes	404,615	-	-	-	-	-
Accounts	-	-	-	25,637	-	-
Interest	35,516	6,920	48,713	9,137	3,323	6,971
Other	363,567	553	-	-	-	-
Gross receivables	4,165,340	148,868	48,713	1,409,836	3,323	6,971
Less: allowance	476,584	119,146	-	-	-	-
Net total receivables	$ 3,688,756	$ 29,722	$ 48,713	$ 1,409,836	$ 3,323	$ 6,971

	Non-Major Governmental	Water and Sewer	Internal Service	Primary Government Total	Agency Total
Receivables:					
Property taxes	$ -	$ -	$ -	$ 706,882	$ -
Sales taxes	1,459,413	-	-	5,630,630	-
Franchise taxes	-	-	-	404,615	-
Accounts	339,060	6,264,628	-	6,629,325	-
Interest	31,691	50,108	5,809	198,188	75
Other	-	-	-	364,120	-
Gross receivables	1,830,164	6,314,736	5,809	13,933,760	75
Less: allowance	-	297,141	-	892,871	-
Net total receivables	$ 1,830,164	$ 6,017,595	$ 5,809	$ 13,040,889	$ 75

The Water and Sewer Fund and the Storm Water Utility Fund accounts receivable include unbilled charges for services rendered through September 30, 2019 of $2,928,917.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Capital Acquisitions	Sales or Disposals	Adjustments/ Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 91,464,549	$ 142,618	$ -	$ -	$ 91,607,167
Street infrastructure	208,759,419	261,529	-	-	209,020,948
Construction-in-progress	37,452,390	14,980,929	-	(45,341,286)	7,092,033
Total capital assets not being depreciated	337,676,358	15,385,076	-	(45,341,286)	307,720,148
Capital assets being depreciated:					
Land improvements	39,288,792	-	(159,000)	1,084,895	40,214,687
Buildings and building improvements	96,122,363	-	(152,082)	44,256,391	140,226,672
Public art	1,156,202	-	-	-	1,156,202
Equipment	17,191,846	607,086	-	-	17,798,932
Vehicles	11,774,836	2,473,431	(107,902)	-	14,140,365
Drainage	58,306,960	394,885	-	-	58,701,845
Total capital assets being depreciated	223,840,999	3,475,402	(418,984)	45,341,286	272,238,703
Accumulated depreciation:					
Land improvements	(17,795,868)	(2,140,667)	159,000	-	(19,777,535)
Buildings and building improvements	(21,160,708)	(2,345,821)	101,388	-	(23,405,141)
Public art	(719,423)	(115,621)	-	-	(835,044)
Equipment	(13,007,221)	(831,997)	-	-	(13,839,218)
Vehicles	(8,479,400)	(911,170)	75,461	-	(9,315,109)
Infrastructure	(24,672,878)	(1,593,171)	-	-	(26,266,049)
Total accumulated depreciation	(85,835,498)	(7,938,447)	335,849	-	(93,438,096)
Total capital assets being depreciated, net	138,005,501	(4,463,045)	(83,135)	45,341,286	178,800,607
Governmental activities capital assets, net	$ 475,681,859	$ 10,922,031	$ (83,135)	$ -	$ 486,520,755

	Beginning Balance	Capital Acquisitions	Sales or Disposals	Adjustments/ Transfers	Ending Balance
Business Type Activities:					
Capital assets not being depreciated:					
Land	$ 19,890,765	$ 61,380	$ -	$ -	$ 19,952,145
Construction-In-Progress	2,026,496	736,639	-	(1,537,508)	1,225,627
Total capital assets not being depreciated	21,917,261	798,019	-	(1,537,508)	21,177,772
Capital assets being depreciated:					
Buildings and building improvements	935,501	-	-	-	935,501
Equipment	2,553,907	-	-	-	2,553,907
Vehicles	542,123	10,878	-	-	553,001
Capacity rights	9,190,988	-	-	-	9,190,988
Distribution system	145,116,749	564,988	-	1,537,508	147,219,245
Total capital assets being depreciated	158,339,268	575,866	-	1,537,508	160,452,642
Accumulated depreciation:					
Buildings and building improvements	(676,268)	(30,318)	-	-	(706,586)
Equipment	(2,073,132)	(139,877)	-	-	(2,213,009)
Vehicles	(458,863)	(32,922)	-	-	(491,785)
Capacity rights	(4,255,496)	(183,819)	-	-	(4,439,315)
Distribution system	(64,625,179)	(4,514,029)	-	-	(69,139,208)
Total accumulated depreciation	(72,088,938)	(4,900,965)	-	-	(76,989,903)
Total capital assets being depreciated, net	86,250,330	(4,325,099)	-	1,537,508	83,462,739
Business type activities capital assets, net	$ 108,167,591	$ (3,527,080)	$ -	$ -	$ 104,640,511

NOTE 4. CAPITAL ASSETS – CONTINUED

Depreciation expense was charged as a direct expense to functions of the primary government as follows:

Governmental activities:	
General government	$ 1,008,173
Public safety	1,846,476
Public works	1,837,526
Culture and recreation	3,246,272
Total depreciation expense-governmental activities	$ 7,938,447
Business-type activities:	
Water and Sewer	$ 4,900,965

NOTE 5. DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). At the end of the current fiscal year, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Southlake Parks Development Corporation	Non-major Governmental	Total
Deferred inflows of resources:					
Property taxes	$ 75,885	$ 18,971	$ -	$ -	$ 94,856
Other	178,329	-	12,819	-	191,148
Total deferred inflows of resources	$ 254,214	$ 18,971	$ 12,819	$ -	$ 286,004
Unearned revenue:					
Franchise taxes	$ 664,296	$ -	$ -	$ -	$ 664,296
Other	66,919	-	-	302,807	369,726
Total unearned revenue	$ 731,215	$ -	$ -	$ 302,807	$ 1,034,022

NOTE 6. LONG-TERM DEBT

The City issues general obligation bonds, combination tax and revenue certificates of obligation and tax notes to provide for the acquisition and construction of major capital facilities and infrastructure. Combination tax and revenue certificates of obligation are issued for both governmental and business-type activities. General obligation bonds, governmental revenue bonds and tax notes pledge the full faith and credit of the City. Combination tax and revenue certificates of obligation are payable from the net revenues of the water and sewer system and general debt service tax.

In May 2019, the City issued $17,290,000 General Obligation Refunding Bonds, Series 2019. Proceeds from debt were paid to a bond escrow agent to refund bond series 2009 and 2010. $11,724,277 in governmental activities bonds outstanding with unamortized premium of $1,021,014 and $7,605,723 in business-type activities bonds outstanding with unamortized premium of $262,653 were refunded. Upon issuance of Series 2019, $19,609,028 ($12,311,639 for governmental funds and $7,297,389 for water and sewer fund) was paid to a refunding bond escrow agent. The total difference in future debt service requirements between the new debt and the old debt that was refunded was $2,932,197 with an economic gain of $2,142,790.

NOTE 6. LONG-TERM DEBT – CONTINUED

In prior years, the City has legally defeased certain outstanding general obligation and revenue debt by placing funds into irrevocable trusts pledged to pay all future debt service payments of the refunded debt. Accordingly, a liability for the defeased debt issues is not included in the City's financial statements. As of September 30, 2019, the City had no additional outstanding bonds that were legally defeased.

General obligation bonds, combination certificates of obligation, governmental revenue bonds are as follows as of September 30, 2019:

General Obligation Bonds and Certificates of Obligation	Final Maturity	Interest Rates	Governmental	Business-Type
$3,365,000 Series 2011B, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2031	2.0 - 4.125%	$ -	$ 2,290,000
$11,300,000 Series 2012, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2032	3.0 - 4.25%	-	1,975,000
$9,965,000 Series 2012, General Obligation Refunding Bonds	2026	3.0 - 4.25%	5,405,000	145,000
$14,250,000 Series 2013, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2033	2.0 - 5.0%	-	1,910,000
$22,295,000 Series 2013, General Obligation Refunding Bonds	2026	2.0 - 5.0%	16,265,000	745,000
$21,330,000 Series 2014, General Obligation Refunding Bonds	2026	2.0 - 5.0%	1,065,000	2,005,000
$8,780,000 Series 2014, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2034	2.0 - 3.5%	-	3,525,000
$3,295,000 Series 2015, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2035	2.75 - 4.0%	-	2,820,000
$7,910,000 Series 2017, General Obligation Refunding Bonds	2028	3.0 - 4.0%	3,512,851	3,742,149
$5,400,000 Series 2017, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2037	2.25 - 5.0%	-	5,065,000
$4,205,000 Series 2018, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2038	3.0 - 4.0%	-	4,070,000
$17,290,000 Series 2019, General Obligation Refunding Bonds	2030	3.0 - 5.0%	10,860,000	6,430,000
			$ 37,107,851	$ 34,722,149

NOTE 6. LONG-TERM DEBT – CONTINUED

Governmental Revenue Bonds	Final Maturity	Interest Rates	Governmental
$3,285,000 Series 2011C, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2031	2.00 - 4.125%	$ 2,235,000
$11,300,000 Series 2012, Tax and Waterworks and Sewer System (Limited Pledge) Certificates of Obligation	2032	3.0 - 4.25%	4,195,000
$16,000,000 Series 2014, Southlake Parks Development Corporation, Sales Tax Revenue Refunding Bonds	2027	3%	10,055,000
$24,450,000 Series 2016, Southlake Community Enhancement and Development Corporation, Sales Tax Revenue Bonds	2036	3.00 - 5.00%	22,685,000
$9,945,000 Series 2017, Southlake Community Enhancement and Development Corporation, Sales Tax Revenue Bonds	2036	2.00 - 5.00%	9,240,000
			$ 48,410,000

The following is a summary of long-term transactions for the year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Governmental activities:					
General obligation bonds and certificates of obligation	$ 41,162,187	$ 10,860,000	$ (14,914,336)	$ 37,107,851	$ 6,836,675
Sales tax revenue bonds	53,605,000	-	(5,195,000)	48,410,000	3,060,000
Bond premiums (discounts)	7,094,644	1,329,086	(1,792,736)	6,630,994	-
Total bonds payable	101,861,831	12,189,086	(21,902,072)	92,148,845	9,896,675
Net OPEB liability - Health	186,457	325,493	-	511,950	-
Total OPEB liability - SDBF	627,758	-	(10,740)	617,018	-
Net pension liability	6,502,130	8,197,197	-	14,699,327	-
Compensated absences	1,270,040	1,874,243	(1,734,390)	1,409,893	1,409,893
Total governmental activities	$ 110,448,216	$ 22,586,019	$ (23,647,202)	$ 109,387,033	$ 11,306,568

Typically, liquidation of the liabilities for compensated absences, net and total OPEB, and net pension occurs within the governmental funds where payroll costs are incurred.

NOTE 6. LONG-TERM DEBT – CONTINUED

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One year
Business-type activities:					
Revenue bonds and certificates of obligation	$ 39,737,813	$ 6,430,000	$ (11,445,664)	$ 34,722,149	$ 2,978,325
Bond premiums	2,253,479	786,927	(482,804)	2,557,602	-
Total bonds payable	41,991,292	7,216,927	(11,928,468)	37,279,751	2,978,325
Unearned revenue	223,383	-	(6,731)	216,652	-
Total OPEB liability - SDBF	51,634	-	(817)	50,817	-
Net pension liability	649,676	624,054	-	1,273,730	-
Compensated absences	78,979	81,600	(88,549)	72,030	72,030
Total business-type activities	$ 42,994,964	$ 7,922,581	$ (12,024,565)	$ 38,892,980	$ 3,050,355

The annual aggregate maturities for each bond type are as follows:

General Obligation Bonds and Certificates of Obligation

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	$ 6,836,675	$ 1,496,644	$ 8,333,319
2021	7,161,201	1,068,545	8,229,746
2022	4,028,306	812,305	4,840,611
2023	4,187,832	644,558	4,832,390
2024	4,342,358	487,054	4,829,412
2025-2029	10,386,479	699,867	11,086,346
2030-2034	165,000	2,475	167,475
Total	$ 37,107,851	$ 5,211,448	$ 42,319,299

Sales Tax Revenue Bonds

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2020	$ 3,060,000	$ 1,590,155	$ 4,650,155
2021	3,180,000	1,469,055	4,649,055
2022	3,305,000	1,349,455	4,654,455
2023	3,415,000	1,224,206	4,639,206
2024	3,555,000	1,088,705	4,643,705
2025-2029	14,925,000	3,676,869	18,601,869
2030-2034	12,235,000	1,608,829	13,843,829
2035-2039	4,735,000	144,899	4,879,899
Total	$ 48,410,000	$ 12,152,173	$ 60,562,173

NOTE 6. LONG-TERM DEBT – CONTINUED

Revenue Bonds and Certificates of Obligation

Fiscal Year Ending September 30,	Business-Type Activities		
	Principal	Interest	Total
2020	$ 2,978,325	$ 1,285,009	$ 4,263,334
2021	2,673,799	1,124,248	3,798,047
2022	2,376,694	1,028,394	3,405,088
2023	2,467,168	931,488	3,398,656
2024	2,522,642	831,184	3,353,826
2025-2029	12,303,521	2,664,330	14,967,851
2030-2034	7,030,000	885,776	7,915,776
2035-2039	2,370,000	131,645	2,501,645
Total	$ 34,722,149	$ 8,882,074	$ 43,604,223

The City has entered into various contractual agreements to unconditionally finance the principal and interest or a fixed percentage of principal and interest of Trinity River Authority (TRA) Contract Revenue Bonds. Under the agreements, the TRA utilized the bond proceeds to administer and construct various sewer and wastewater treatment projects on the City's behalf. Such agreements provide the City title to the assets upon retirement of the debt or capacity rights in the use of constructed assets. The City has included in its financial statements its proportionate share of these obligations and its investment in these assets as capacity rights. The contract revenue obligations were paid as of September 30, 2019.

NOTE 7. TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2019 were as follows:

Transfer In	Transfer Out	Amount	Purpose
General fund	Southlake Parks Development Corporation operations	$ 317,953	To fund indirect charges
General fund	Water and sewer enterprise fund	1,178,932	To fund indirect charges
General fund	Non major governmental funds	698,777	To fund indirect charges
General obligation debt service	Non major governmental funds	173,658	To pay the principal and interest on debt incurred
General capital project funds	Non major governmental funds	200,000	To fund capital projects for parks and development for visitors
General capital project funds	General fund	190,000	To fund public art
General capital project funds	General fund	4,520,000	To fund future infrastructure
Community Enhancement Development Corporation capital projects	Non major governmental funds	1,000,000	To assist with funding of large projects
Non major governmental funds	General fund	130,000	To fund commercial vehicles
Non major governmental funds	Southlake Parks Development Corporation operations	2,880,537	To fund debt repayments
Non major governmental funds	Southlake Parks Development Corporation operations	4,200,000	To fund capital projects for parks
Non major governmental funds	Non major governmental funds	2,451,406	To fund debt repayments
Vehicle and equipment fund	General fund	3,900,000	To replace aging vehicles
		$ 21,841,263	

NOTE 8. RETIREMENT PLAN

A. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, and disability. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

NOTE 8. RETIREMENT PLAN – CONTINUED

B. Benefits Provided – Continued

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	119
Inactive employees entitled to but not yet receiving benefits	211
Active employees	345
	675

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.56% and 12.82% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were $3,182,749, and was greater than the required contributions by $81,245.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

NOTE 8. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, which male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

NOTE 8. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Allocations

The City's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 93,802,160	$ 86,650,354	$ 7,151,806
Changes for the year:			
Service Cost	3,919,389	-	3,919,389
Interest	6,379,342	-	6,379,342
Change of benefit terms	-	-	-
Difference between expected and actual experience	537,249	-	537,249
Changes of assumptions	-	-	-
Contributions - employer	-	2,992,110	(2,992,110)
Contributions - employee	-	1,673,450	(1,673,450)
Net investment income	-	(2,598,044)	2,598,044
Benefit payments, including refunds of employee contributions	(2,506,166)	(2,506,166)	-
Administrative expense	-	(50,164)	50,164
Other changes	-	(2,623)	2,623
Net Changes	8,329,814	(491,437)	8,821,251
Balance at 12/31/18	$ 102,131,974	$ 86,158,917	$ 15,973,057

NOTE 8. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	$ 32,270,436	$ 15,973,057	$ 2,769,169

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of $4,565,573. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 688,148	$ 205,980
Changes in actuarial assumptions	217,284	-
Difference between projected and actual investment earnings	4,489,337	-
Contributions subsequent to the measurement date	2,514,075	-
Total	$ 7,908,844	$ 205,980

NOTE 8. RETIREMENT PLAN – CONTINUED

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

The $2,514,075 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ended September 30, 2020. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	
2020	$ 1,654,990
2021	896,261
2022	801,933
2023	1,814,941
2024	20,664
Total	$ 5,188,789

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City of Southlake provides for two other post-employment benefit (OPEB) plans; one provides for postemployment health insurance benefits through a single-employer defined benefit medical plan (Southlake Retiree Health Care Plan), and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund, a single employer defined benefit OPEB plan. Both plans are described in detail below. Aggregate amounts for the two OPEB plans are as follows:

	Retiree Healthcare Plan	TMRS SDBF	Total
OPEB liability	$ 511,950	$ 667,835	$ 1,179,785
Deferred outflows of resources	501,286	48,566	549,852
Deferred inflows of resources	3,173	64,318	67,491
OPEB expense	109,531	64,035	173,566

CITY OF SOUTHLAKE RETIREE HEALTH CARE PLAN

Plan Description

The City provides other post-employment healthcare benefits in accordance with City policy. Administration of the City of Southlake Retiree Healthcare Plan trust is through Public Agency Retirement Services (PARS) with an IRC Section 115 Irrevocable Exclusive Benefit Trust. Trustee for the plan is US Bank. Ultimate authority for investment decisions and actions necessary to maintain the City's participation in the program resides with the City Manager, appointed as Plan Administrator through a 2009 resolution of the City Council. Investment strategy is currently through the City's selection of PARS Moderately Conservative High Mark Plus.

A third-party administrator is utilized to provide claims administration and payment of claims. Insurance is purchased to provide specific stop loss and aggregate stop loss protection. A separate financial statement is not issued for the plan.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF SOUTHLAKE RETIREE HEALTH CARE PLAN – Continued

Benefits Provided

Regular full-time employees retiring from the City of Southlake have the option to continue medical insurance coverage until the retiree becomes eligible for Medicare or is eligible to be covered under another medical plan. The City contributes $125 per month towards the premium for retiree insurance coverage or $225 towards the premium for retirees and dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process.

Employees Covered by Benefit Terms

The following table provides a summary of the number of participants in the plan as of December 31, 2018:

Inactive employees currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	0
Active Employees	331
	339

Contributions

The City's contributions during the fiscal year ending September 30, 2019 of $172,843 include trust contributions of $97,000 and benefit payments of $75,843, which were paid by the City using its own assets. The benefit payments were determined in a manner similar to how the benefit payments for the measurement period were developed. The City through its budgeting process determines the annual contributions to the Plan based on the actuarially determined contribution and the availability of funds.

Net OPEB Liability

The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF SOUTHLAKE RETIREE HEALTH CARE PLAN – Continued

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Individual Entry-Age
Amortization method	Level dollar amount
Amortization period	Closed period; 8 years remaining as of FYE 2019
Asset valuation	Market value
Investment rate of return	5.50%, net of investment expenses, including inflation
Inflation	2.50% per year
Salary increases	3.50% to 10.50%, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Participation rates	30% of employees who retire at age 55 or older, or retire
Healthcare cost trend rates	Initial rates of 7.20% declining to ultimate rates of 4.25% after 15 years.

Single Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 5.50%; the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 5.50%.

The City's has consistently funded the actuarially determined employer contribution, which is based on a closed amortization policy. As a result, the plan's fiduciary net position is projected to be sufficient to pay benefits for all future years.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF SOUTHLAKE RETIREE HEALTH CARE PLAN – Continued

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance at 12/31/17	$ 1,605,964	$ 1,419,507	$ 186,457
Changes for the year:			
Service Cost	53,239	-	53,239
Interest	87,706	-	87,706
Difference between expected and actual experience	16,549	-	16,549
Changes of assumptions	297,855	-	297,855
Contributions - employer	-	172,843	(172,843)
Contributions - employee	-	-	-
Net investment income	-	(38,598)	38,598
Benefit payments, including refunds of employee contributions	(75,843)	(75,843)	-
Administrative expense	-	(4,389)	4,389
Other changes	-	-	-
Net Changes	379,506	54,013	325,493
Balance at 12/31/18	$ 1,985,470	$ 1,473,520	$ 511,950

Consistent with the requirements of GASB Statements No. 74, the employer contributions include "amounts for OPEB as the benefits come due that will not be reimbursed to the employer using OPEB plan assets." The $75,843 in benefit payments was paid by the City using its own assets.

The benefit payments during the measurement period were determined as follows:

City's explicit subsidy	$ 15,325
City's implicit subsidy (explicit subsidy * 3.95)	60,518
Total benefit payments	$ 75,843

The 3.95 implicit factor equals the ratio of the expected implicit subsidy to the expected explicit subsidy.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF SOUTHLAKE RETIREE HEALTH CARE PLAN – Continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

Regarding the sensitivity of the net OPEB liability to changes in the Single Discount Rate, the following presents the plan's net OPEB liability, calculated using a discount rate of 5.50%, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease (4.50%)	Current Single Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB liability	$ 694,076	$ 511,950	$ 348,904

Regarding the sensitivity of the net OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability	$ 331,903	$ 511,950	$ 723,281

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the City recognized OPEB expense of $109,531. At September 30, 2019, the reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Economic Experiences	$ 14,886	$ 3,173
Changes in Assumptions	267,926	-
Investment Experience	64,706	-
Contributions subsequent to the measurement date	153,768	-
	$ 501,286	$ 3,173

The $153,768 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the net OPEB liability during the year ending September 30, 2020.

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

CITY OF SOUTHLAKE RETIREE HEALTH CARE PLAN – Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources – Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:		
2020	$	44,817
2021		44,817
2022		44,818
2023		55,038
2024		31,196
Thereafter		123,659
Total	$	344,345

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

The expected remaining service lives of all active employees in the plan were approximately 3,374 years. Additionally, the total plan membership (active employees and inactive employees) was 339. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 9.9521 years.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

OTHER POST EMPLOYMENT BENEFITS SUPPLEMENTAL DEATH BENEFIT FUND

Plan Description

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OTHER POST EMPLOYMENT BENEFITS SUPPLEMENTAL DEATH BENEFIT FUND – Continued

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	62
Active Employees	345
	494

Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.01% and 0.02% in calendar years 2018 and 2019. The City's contributions to the SDBF for the year ended September 30, 2019 were $3,965, and were equal to the required contributions.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OTHER POST EMPLOYMENT BENEFITS SUPPLEMENTAL DEATH BENEFIT FUND – Continued

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.71%
Retiree's share of benefit-related costs	0.00%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the Total OPEB Liability was 3.71% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances as of 12/31/17	$ 679,392
Changes for the year:	
Service cost	42,679
Interest	23,155
Difference between expected and actual experience	(18,599)
Changes of assumptions	(56,421)
Contributions - employer	(2,371)
Net Changes	(11,557)
Balances as of 12/31/18	$ 667,835

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OTHER POST EMPLOYMENT BENEFITS SUPPLEMENTAL DEATH BENEFIT FUND – Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.71%) or 1 percentage-point higher (4.71%) than the current rate:

	1% Decrease (2.71%)	Discount Rate (3.71%)	1% Increase (4.71%)
Total OPEB liability	$ 821,660	$ 667,835	$ 550,282

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized pension expense of $64,035. At September 30, 2019, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Economic Experiences	$ -	$ 15,946
Changes in Actuarial Assumptions	44,601	48,372
Contributions subsequent to the measurement date	3,965	-
	$ 48,566	$ 64,318

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB) – CONTINUED

OTHER POST EMPLOYMENT BENEFITS SUPPLEMENTAL DEATH BENEFIT FUND – Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Continued

The $3,965 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2020. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:		
2020	$	(1,799)
2021		(1,799)
2022		(1,799)
2023		(1,799)
2024		(1,799)
Thereafter		(10,722)
Total	$	(19,717)

NOTE 10. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The laws governing 457 plans were changed to state that plans would not be considered eligible plans unless all assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries. The City amended the plan documents to comply with these requirements.

In accordance with GASB 32, the plans as amended are not included in the City's financial statements.

NOTE 11. RISK FINANCING AND INSURANCE

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 1990, the City joined the Texas Municipal League Workers Compensation Joint Insurance Fund ("the Pool") for risks related to employees. Premiums are paid to the Pool, which retains a limit of loss. Reinsurance companies insure the risks beyond those limits. The City retains, as a risk, only the deductible amount of each policy. The City continues to carry commercial insurance with Texas Municipal League provided by Mutual of Omaha for other risks including general liability, property, and errors and omissions. There were no significant reductions in coverage in the past year and there were no settlements exceeding insurance coverage in any of the past three years.

NOTE 12. COMMITMENTS AND CONTINGENCIES

The City has entered into various contracts with the Trinity River Authority (TRA) and other cities. Terms of the agreements provide the City will pay an amount equal to its proportional share of maintenance and operations and debt service based upon volumes of wastewater transported, treated, or disposed of. The City's proportional share of future costs under these contracts is indeterminable and has not been recorded. Payments to the TRA under these contracts for the year ended September 30, 2019 were $4,789,360.

The City has authorized various contracts obligating future funds of the City as the contracted services are performed. Significant amounts unexpended under such contracts at year end are reflected as reserves for authorized contracts in the applicable funds.

The City has certain claims and litigation pending with respect to matters arising in the normal course of operations. City management is of the opinion that the settlement of these matters will not have a material adverse impact on the City's financial statements.

NOTE 13. TAX ABATEMENT

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes and may include other incentive payments such as fee reductions or construction cost reimbursements. Economic development agreements are considered on a case by case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. For the fiscal year ending September 30, 2019, the City rebated $301,365 in property taxes and $491,478 in sales taxes.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON
GENERAL FUND

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-1**
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Ad valorem taxes, penalties and interest	$ 25,484,087	$ 25,735,500	$ 25,832,530	$ 97,030
Franchise taxes	3,066,261	3,153,370	3,114,117	(39,253)
Municipal sales and mixed beverage tax	14,279,550	14,722,500	15,128,524	406,024
License, permits and fees	1,919,900	2,185,400	2,600,892	415,492
Charges for services	1,779,000	1,572,551	1,792,716	220,165
Fines and forfeitures	1,364,000	1,285,800	1,299,244	13,444
Grants	72,000	72,000	124,141	52,141
Interest earned	180,550	681,900	790,210	108,310
Miscellaneous	230,000	220,611	185,102	(35,509)
TOTAL REVENUES	48,375,348	49,629,632	50,867,476	1,237,844
EXPENDITURES				
Current:				
General government				
City secretary/mayor	525,624	529,124	464,268	64,856
City manager's office	975,301	988,033	981,957	6,076
Human resources	820,876	853,526	796,065	57,461
Support services	3,776,924	3,779,364	3,377,069	402,295
Economic development	141,254	140,054	139,710	344
Finance	1,537,632	1,537,632	1,488,770	48,862
Municipal court	755,998	755,998	704,802	51,196
Teen court	149,665	158,956	150,254	8,702
Information technology	3,764,551	3,932,816	3,880,271	52,545
Public safety				
Police services	7,106,540	7,095,404	6,998,726	96,678
Fire services	9,346,682	9,466,874	9,349,015	117,859
Public safety support	1,424,510	1,425,680	1,407,406	18,274
Building inspection	1,202,678	1,209,678	1,084,454	125,224
Public works				
Public works administration	2,337,547	2,168,277	1,725,046	443,231
Streets and drainage	1,486,599	1,426,398	1,299,353	127,045
Planning	1,073,055	1,073,055	1,054,756	18,299
Culture and recreation				
Community services	1,517,761	1,360,264	1,288,071	72,193
Parks and recreation	3,789,359	3,787,343	3,655,436	131,907
Library services	793,903	837,981	826,143	11,838
TOTAL EXPENDITURES	42,526,459	42,526,457	40,671,572	1,854,885
Excess of revenues over expenditures	5,848,889	7,103,175	10,195,904	3,092,729
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	6,019	6,019
Transfers from other funds	2,328,029	2,195,703	2,195,662	(41)
Transfers to other funds	(6,795,000)	(8,740,000)	(8,740,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(4,466,971)	(6,544,297)	(6,538,319)	5,978
NET CHANGE IN FUND BALANCE	1,381,918	558,878	3,657,585	3,098,707
FUND BALANCES, BEGINNING OF YEAR	27,010,967	27,010,967	27,010,967	-
FUND BALANCES, END OF YEAR	$ 28,392,885	$ 27,569,845	$ 30,668,552	$ 3,098,707

See Notes to Budgetary Comparison Schedules

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-2**
SOUTHLAKE PARKS DEVELOPMENT CORPORATION SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Municipal sales tax	$ 7,854,000	$ 7,650,000	$ 7,741,005	$ 91,005
Miscellaneous	153,824	153,824	153,824	-
Interest	45,000	145,000	165,259	20,259
Total revenues	8,052,824	7,948,824	8,060,088	111,264
EXPENDITURES:				
Parks and recreation	1,608,059	1,583,059	1,406,278	176,781
Excess of revenues over expenditures	6,444,765	6,365,765	6,653,810	288,045
OTHER FINANCING USES:				
Transfers to other funds	(7,402,650)	(7,398,490)	(7,398,490)	-
Net change in fund balance	(957,885)	(1,032,725)	(744,680)	288,045
Fund balance, beginning of year	10,550,008	10,550,008	10,550,008	-
Fund balance, end of year	$ 9,592,123	$ 9,517,283	$ 9,805,328	$ 288,045

See Notes to Budgetary Comparison Schedules

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-3**
TAX INCREMENT FINANCING DISTRICT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Ad valorem taxes, penalties and interest	$ 8,045,492	$ 9,326,453	$ 9,326,453	$ -
Interest	1,400	9,000	25,831	16,831
Total revenues	8,046,892	9,335,453	9,352,284	16,831
EXPENDITURES:				
General government:				
Support services	1,144,360	1,144,360	966,262	178,098
Public safety:				
Police services	287,817	287,817	259,212	28,605
Intergovernmental	5,712,195	6,139,290	6,123,926	15,364
Total expenditures	7,144,372	7,571,467	7,349,400	222,067
Excess of revenues over expenditures	902,520	1,763,986	2,002,884	238,898
Net change in fund balance	902,520	1,763,986	2,002,884	238,898
Fund balance at beginning of year	923,093	923,093	923,093	-
Fund balance at end of year	$ 1,825,613	$ 2,687,079	$ 2,925,977	$ 238,898

See Notes to Budgetary Comparison Schedules

Budgetary Data

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Each year the City Manager is required to submit to the City Council, between sixty and ninety days prior to the beginning of each fiscal year, a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.

4. Annual budgets are legally adopted for the General Fund, the Tax Increment Financing District, Crime Control, Parks Dedication, Hotel Occupancy, Storm Water Utility, Red Light Camera, Southlake Community Enhancement Development Corporation special revenue fund and debt service fund, Parks and Recreation, Court Security, Court Technology, Library, Storm Water Maintenance, Commercial Vehicle Enforcement, and Southlake Parks Development Corporation Special Revenue Funds and all Debt Service Funds on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is not employed for proprietary funds. However, the City does adopt an annual budget for those funds for managerial control.

5. During the fiscal year, the City Council may transfer funds allocated to a department to another department or re-estimate revenues or expenditures. The City Manager may transfer budgeted funds within a department. Expenditures should not exceed appropriations at the department level.

6. Budgetary data for the Police, Oil and Gas, and all Capital Projects Funds are not presented, as such funds are budgeted over the life of the respective project, and not on an annual basis. Budgetary information for the Proprietary Funds have not been presented since reporting on such budgets is not legally required.

7. There were no expenditures in excess of appropriations for the year ended September 30, 2019 in the General Fund or major Special Revenue Funds.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-4**
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST FIVE MEASUREMENT YEARS

	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability:					
Service cost	$ 3,919,389	$ 3,579,734	$ 3,482,384	$ 3,222,126	$ 2,906,949
Interest	6,379,342	5,865,601	5,393,997	5,090,308	4,779,462
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	537,249	213,937	179,076	102,364	(1,602,645)
Change in assumptions	-	-	-	760,500	-
Benefit payments, including refunds of employee contributions	(2,506,166)	(1,930,078)	(2,304,726)	(1,921,361)	(1,680,030)
Net change in total pension liability	8,329,814	7,729,194	6,750,731	7,253,937	4,403,736
Total pension liability - beginning	93,802,160	86,072,966	79,322,235	72,068,298	67,664,562
Total pension liability - ending (a)	102,131,974	93,802,160	86,072,966	79,322,235	72,068,298
Plan fiduciary net position:					
Contributions - employer	2,992,110	2,682,629	2,595,919	2,425,455	2,283,310
Contributions - employee	1,673,450	1,520,518	1,480,965	1,409,008	1,340,870
Net investment income	(2,598,044)	10,284,603	4,588,256	97,252	3,463,018
Benefit payments, including refunds of employee contributions	(2,506,166)	(1,930,078)	(2,304,726)	(1,921,361)	(1,680,030)
Administrative expense	(50,164)	(53,258)	(51,781)	(59,224)	(36,150)
Other	(2,623)	(2,699)	(2,790)	(2,925)	(2,972)
Net change in plan fiduciary net position	(491,437)	12,501,715	6,305,843	1,948,205	5,368,046
Plan fiduciary net position - beginning	86,650,354	74,148,639	67,842,796	65,894,591	60,526,545
Plan fiduciary net position - ending (b)	86,158,917	86,650,354	74,148,639	67,842,796	65,894,591
Net pension liability - ending (a) - (b)	$ 15,973,057	$ 7,151,806	$ 11,924,327	$ 11,479,439	$ 6,173,707
Plan fiduciary net position as a percentage of total pension liability	84.36%	92.38%	86.15%	85.53%	91.43%
Covered payroll	$ 23,710,761	$ 21,721,689	$ 21,156,637	$ 20,113,150	$ 19,154,225
Net pension liability as a percentage of covered payroll	67.37%	32.92%	56.36%	57.07%	32.23%

Note: Only five years of data is presented in accordance with GASB #68, paragraph 138. “The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement.” Additional years’ information will be displayed as it becomes available.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-5**
SCHEDULE OF PENSION CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially determined contribution	$ 3,182,749	$ 2,829,615	$ 2,580,380	$ 2,508,791	$ 2,439,627
Contribution in relation of the actuarially determined contribution	3,101,504	2,894,219	2,654,303	2,632,209	2,439,627
Contribution deficiency (excess)	$ 81,245	$ (64,604)	$ (73,923)	$ (123,418)	$ -
Covered payroll	$ 25,156,408	$ 23,132,172	$ 21,525,552	$ 21,551,426	$ 20,034,712
Contributions as a percentage of covered payroll	12.33%	12.51%	12.33%	12.21%	12.18%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only five years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement." Additional years' information will be displayed as it becomes available.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-6**
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
SOUTHLAKE NET OPEB LIABILITY FOR HEALTH INSURANCE
LAST TWO MEASUREMENT YEARS

	Measurement Year 2018	Measurement Year 2017
Total OPEB liability:		
Service cost	$ 53,239	$ 55,061
Interest	87,706	84,496
Changes of benefit terms	-	-
Difference between expected and actual experience	16,549	(3,965)
Change in assumptions	297,855	-
Benefit payments, including refunds of employee contributions	(75,843)	(76,779)
Net change in total OPEB liability	379,506	58,813
Total OPEB liability - beginning	1,605,964	1,547,151
Total OPEB liability - ending (a)	1,985,470	1,605,964
Plan fiduciary net position:		
Contributions - employer	172,843	116,779
Net investment income	(38,598)	121,500
Benefit payments, including refunds of employee contributions	(75,843)	(76,779)
Administrative expense	(4,389)	(3,483)
Net change in plan fiduciary net position	54,013	158,017
Plan fiduciary net position - beginning	1,419,507	1,261,490
Plan fiduciary net position - ending (b)	1,473,520	1,419,507
Net OPEB liability - ending (a) - (b)	$ 511,950	$ 186,457
Plan fiduciary net position as a percentage of total OPEB liability	74.22%	88.39%
Covered payroll	$ 22,468,011	$ 20,607,676
Net OPEB liability as a percentage of covered payroll	2.28%	0.90%

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-7**
SCHEDULE OF CONTRIBUTIONS
SOUTHLAKE NET OPEB LIABILITY FOR HEALTH INSURANCE
LAST TWO FISCAL YEARS

	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	$ 89,240	$ 89,240
Contribution in relation of the actuarially determined contribution	177,639	168,167
Contribution deficiency (excess)	$ (88,399)	$ (78,927)
Covered payroll	$ 24,537,271	$ 23,132,172
Contributions as a percentage of covered payroll	0.72%	0.73%

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-8**
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM – SUPPLEMENTAL DEATH BENEFITS
LAST TWO MEASUREMENT YEARS

	Measurement Year 2018	Measurement Year 2017
Total OPEB liability:		
Service cost	$ 42,679	$ 34,755
Interest	23,155	21,919
Changes of benefit terms	-	-
Difference between expected and actual experience	(18,599)	-
Change in assumptions	(56,421)	62,407
Contributions - employer	(2,371)	(4,344)
Net change in total pension liability	(11,557)	114,737
Total OPEB liability - beginning	679,392	564,655
Total OPEB liability - ending (a)	$ 667,835	$ 679,392
Covered payroll	$ 23,710,761	$ 21,721,689
Net pension liability as a percentage of covered payroll	2.82%	3.13%

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-9**
SCHEDULE OF OPEB CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM – SUPPLEMENTAL DEATH BENEFITS
LAST TWO FISCAL YEARS

	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	$ 3,965	$ 2,846
Contribution in relation of the actuarially determined contribution	3,965	2,846
Contribution deficiency (excess)	$ -	$ -
Covered payroll	$ 25,156,408	$ 23,132,172
Contributions as a percentage of covered payroll	0.02%	0.01%

Note: Only two years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available. GASB #75, paragraph 57 requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT A-10**
CONDITION RATING OF STREET SYSTEM
SEPTEMBER 30, 2019

CONDITION OF ROADWAY SYSTEM

Index	2019
RCI	5.3
SDI	8.6
PQI	8.2

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION

	Needed	Actual	Difference
2015	$ 800,000	$ 830,768	$ 30,768
2016	800,000	726,381	(73,619)
2017	800,000	650,447	(149,553)
2018	800,000	903,868	103,868
2019	$1,000,000	813,411	(186,589)
Total	$4,200,000	$3,924,875	$(275,125)

The City hired a consultant to implement a pavement management system (PMS) to cover all public streets within the City. The condition of street pavement is measured using the Asphalt Pavement Rating Form as developed by the Asphalt Institute. The Asphalt Pavement Rating Form is based on a weighted average of thirteen defects found in pavement surfaces. The consultant conducted a pavement condition survey on all City owned streets. This consisted of a ride condition or roughness survey, a surface distress survey and a deflection survey. A present status analysis was conducted using data obtained from the pavement condition survey to determine the Ride Condition Index (RCI) and the Surface Distress Index (SDI). These indices were then combined into the composite Pavement Quality Index (PQI). Values of PQI can range from 0 to 10. Typical values for a newly constructed pavement range from 9.5 to 10.0. The PQI level at which a pavement becomes in need of rehabilitation is typically in the 5.0 to 7.0 range. It was the City's policy to maintain a PQI of 7.3 until 2012 when the City increased the minimum PQI to 7.8. Needed maintenance is calculated based upon inspections and the pavement quality index.

In accordance with GASB Statement No. 34, the City is required to report at least one complete condition assessment at transition using the modified approach. The condition assessment was completed by the City and documented that the eligible infrastructure assets are being preserved at or above the condition level established by the City. Half of the City's public streets will be assessed annually to ensure all public streets are assessed every two years.

The City calculates needed maintenance of its street system annually. However, the scheduling of these road projects often crosses fiscal years. Therefore, actual maintenance may be less than the calculated needed maintenance in one fiscal year and greater than the calculated needed maintenance in the subsequent fiscal year.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

GENERAL OBLIGATION DEBT SERVICE FUND

The General Obligation Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds and interest from governmental resources.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT B-1**
GENERAL OBLIGATION DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Ad valorem taxes	$ 6,544,427	$ 6,567,627	$ 6,585,260	$ 17,633
Interest	45,000	100,000	130,756	30,756
Total revenues	6,589,427	6,667,627	6,716,016	48,389
EXPENDITURES:				
Principal retirement	4,885,720	5,005,059	5,005,059	-
Interest and fiscal charges	1,300,541	1,354,334	1,286,749	67,585
Total expenditures	6,186,261	6,359,393	6,291,808	67,585
Excess of revenues over expenditures	403,166	308,234	424,208	115,974
OTHER FINANCING SOURCES (USES):				
Issuance of refunding bonds	-	5,970,000	5,970,000	-
Payment to refunding bond escrow agent	-	(6,761,067)	(6,761,067)	-
Premium on bonds issued	-	730,630	730,630	-
Transfers from other funds	173,658	173,658	173,658	-
Total other financing sources (uses)	173,658	113,221	113,221	-
Net change in fund balance	576,824	421,455	537,429	115,974
FUND BALANCE, BEGINNING OF YEAR	5,425,612	5,425,612	5,425,612	-
FUND BALANCE, END OF YEAR	$ 6,002,436	$ 5,847,067	$ 5,963,041	$ 115,974

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenue sources that are legally restricted or committed to expenditures for specified purposes.

Police Fund –- Established to account for resources required to be utilized by the police department.

Parks and Recreation Fund – Established to account for resources restricted for use by the community services department.

Parks Dedication Fund – Established to account for resources restricted for use by the community services department.

Crime Control District Fund – Established to account for the operations of the Crime Control District, which was established for the financing and development of crime control within the City. The Crime Control Fund is funded primarily through the municipal sales taxes.

Hotel Occupancy Fund – Established to account for all revenues and expenditures relating to the hotel occupancy tax received by the City.

Storm Water Utility Fund – Established to account for fees collected for the purpose of improving, upgrading and maintaining the City's drainage system. The City is mandated by the Texas Commission on Environmental Quality (TCEQ) to develop and maintain a Storm Water Management Plan in order to address capacity and quality issues and protect its residents and their properties from possible flooding and pollution problems. Drainage fees are collected to fund the activities required to comply with TCEQ regulations.

Court Security Fund – Established to account for municipal court fees assessed to provide court security.

Court Technology Fund – Established to account for municipal court fees assessed to provide court technology.

Library Fund – Established to account for resources donated for use by library services.

Red Light Camera Fund – Established to account for fees assessed for red light violations captured through the City's camera monitoring system.

Storm Water Maintenance Fund – Established to account for the maintenance on storm water infrastructure.

Community Enhancement and Development Corporation Special Revenue Fund - Established to account for the general operations of the non-profit corporation established to finance, develop and operate a community entertainment and recreation center.

Oil and Gas Fund- Established to account for permits fees and the related expenditures for oil and gas drilling.

Commercial Vehicle Enforcement Fund – Established to account for the fees assessed for commercial vehicle violations.

DEBT SERVICE FUNDS

The Debt Service Funds are utilized to account for the accumulation of financial resources for, and the payment of, long-term debt principal, interest, and related costs arising from the issuance of bonds.

Southlake Parks Development Corporation Debt Service Fund – Established to accumulate resources to finance the debt service of debt issues of the Southlake Parks Development Corporation.

Community Enhancement and Development Corporation Debt Service Fund – Established to accumulate resources to finance the debt service of debt issues for the community entertainment and recreation center.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of specified capital improvements (other than those financed by proprietary funds).

Southlake Parks Development Corporation Capital Projects Fund – Established to fund the acquisition and construction of park recreational facilities as approved by the SPDC board of directors. The fund has been funded primarily through the issuance of general obligation debt.

Crime Control District Capital Projects Fund – Established to account for the acquisition and construction of capital assets as approved by the District's board of directors. The fund has been funded primarily through the issuance of general obligation debt.

CITY OF SOUTHLAKE, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019

	SPECIAL REVENUE			
	Police	Parks and Recreation	Parks Dedication	Crime Control District
ASSETS				
Cash and cash equivalents	$ 30,052	$ 158,572	$1,042,639	$ 4,312,612
Accounts receivable	-	-	-	-
Sales tax receivable	-	-	-	334,963
Interest receivable	32	170	1,118	4,632
TOTAL ASSETS	$ 30,084	$ 158,742	$ 1,043,757	$ 4,652,207
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 7,984	$ -	$ -	$ 188,475
Accrued liabilities	-	-	-	31,159
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	7,984	-	-	219,634
FUND BALANCES				
Restricted for:				
Municipal court expenditures	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Committed for:				
Police expenditures	22,100	-	-	4,432,573
Parks and recreation	-	158,742	1,043,757	-
Storm water expenditures	-	-	-	-
Oil and gas drilling	-	-	-	-
Library	-	-	-	-
TOTAL FUND BALANCES	22,100	158,742	1,043,757	4,432,573
TOTAL LIABILITIES AND FUND BALANCES	$ 30,084	$ 158,742	$ 1,043,757	$ 4,652,207

SPECIAL REVENUE							
Hotel Occupancy	Storm Water Utility	Court Security	Court Technology	Library	Red Light Camera	Storm Water Maintenance	Community Enhancement Development Corporation
$1,667,209	$1,742,207	$429,802	$ 417,368	$ 11,034	$ 846,073	$ 464,682	$ 7,187,768
-	208,637	-	-	400	-	-	130,023
105,886	-	-	-	-	-	-	1,018,564
1,792	1,883	461	447	12	907	498	7,659
$ 1,774,887	$ 1,952,727	$ 430,263	$ 417,815	$ 11,446	$ 846,980	$ 465,180	$ 8,344,014
$ 29,935	$ 41,743	$ -	$ -	$ 1,918	$ 90,452	$ -	$ 334,990
5,338	7,910	831	-	-	-	-	93,303
-	-	-	-	-	-	-	302,807
35,273	49,653	831	-	1,918	90,452	-	731,100
-	-	429,432	417,815	-	-	-	-
-	-	-	-	-	-	-	-
1,739,614	1,903,074	-	-	-	-	-	-
-	-	-	-	-	756,528	-	-
-	-	-	-	-	-	-	7,612,914
-	-	-	-	-	-	465,180	-
-	-	-	-	-	-	-	-
-	-	-	-	9,528	-	-	-
1,739,614	1,903,074	429,432	417,815	9,528	756,528	465,180	7,612,914
$ 1,774,887	$ 1,952,727	$ 430,263	$ 417,815	$ 11,446	$ 846,980	$ 465,180	$ 8,344,014

CITY OF SOUTHLAKE, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019

	SPECIAL REVENUE		DEBT SERVICE	
	Oil and Gas	Commercial Vehicle Enforcement	Southlake Parks Development Corporation	Community Enhancement Development Corporation
ASSETS				
Cash and cash equivalents	$ 54,695	$ 47,533	$ 1,878,964	$ 573,489
Accounts receivable	-	-	-	-
Sales tax receivable	-	-	-	-
Interest receivable	59	3	2,290	1,224
TOTAL ASSETS	$ 54,754	$ 47,536	$ 1,881,254	$ 574,713
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 71	$ -	$ -
Accrued liabilities	-	3,972	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	-	4,043	-	-
FUND BALANCES				
Restricted for:				
Municipal court expenditures	-	-	-	-
Debt service	-	-	1,881,254	574,713
Capital projects	-	-	-	-
Committed for:				
Police expenditures	-	43,493	-	-
Parks and recreation	-	-	-	-
Storm water expenditures	-	-	-	-
Oil and gas drilling	54,754	-	-	-
Library	-	-	-	-
TOTAL FUND BALANCES	54,754	43,493	1,881,254	574,713
TOTAL LIABILITIES AND FUND BALANCES	$ 54,754	$ 47,536	$ 1,881,254	$ 574,713

CAPITAL PROJECTS		
Southlake Parks Development Corporation	Crime Control District	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
$ 7,801,229	$ 131,315	$ 28,797,243
-	-	339,060
-	-	1,459,413
8,363	141	31,691
$ 7,809,592	$ 131,456	$ 30,627,407
$ 494,340	$ -	$ 1,189,908
-	-	142,513
-	-	302,807
494,340	-	1,635,228
-	-	847,247
-	-	2,455,967
7,315,252	131,456	11,089,396
-	-	5,254,694
-	-	8,815,413
-	-	465,180
-	-	54,754
-	-	9,528
7,315,252	131,456	28,992,179
$ 7,809,592	$ 131,456	$ 30,627,407

CITY OF SOUTHLAKE, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	SPECIAL REVENUE			
	Police	Parks and Recreation	Parks Dedication	Crime Control District
REVENUES				
Municipal sales tax	$ -	$ -	$ -	$ 1,898,389
Licenses, permits and fees	-	-	560,336	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Interest	535	3,413	14,207	108,734
Contributions	-	34,252	-	-
Miscellaneous	2,671	-	-	-
TOTAL REVENUES	3,206	37,665	574,543	2,007,123
EXPENDITURES				
Current:				
General government				
Municipal court	-	-	-	-
Public safety				
Police services	-	-	-	1,525,171
Public works				
Streets and drainage	-	-	-	-
Cultural and recreation				
Parks and recreation	-	48,209	-	-
Library services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	-	48,209	-	1,525,171
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,206	(10,544)	574,543	481,952
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of refunding bonds	-	-	-	-
Premium on issuance of long term debt	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	(79,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(79,000)
NET CHANGE IN FUND BALANCES	3,206	(10,544)	574,543	402,952
FUND BALANCES, BEGINNING OF YEAR	18,894	169,286	469,214	4,029,621
FUND BALANCES, END OF YEAR	$ 22,100	$ 158,742	$1,043,757	$ 4,432,573

SPECIAL REVENUE							
Hotel Occupancy	Storm Water Utility	Court Security	Court Technology	Library	Red Light Camera	Storm Water Maintenance	Community Enhancement Development Corporation
$ 1,366,208	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,734,078
-	-	-	-	-	-	-	-
-	-	31,166	41,543	-	383,380	-	-
-	1,543,354	-	-	-	-	-	1,634,921
30,247	26,381	8,083	7,839	219	15,925	8,792	154,512
-	-	-	-	9,676	-	-	8,740
-	-	-	-	-	-	-	337
1,396,455	1,569,735	39,249	49,382	9,895	399,305	8,792	7,532,588
-	-	39,296	-	-	-	-	-
-	-	-	53,192	-	331,775	-	-
-	554,231	-	-	-	-	-	-
786,893	-	-	-	-	-	-	4,492,359
-	-	-	-	8,705	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
786,893	554,231	39,296	53,192	8,705	331,775	-	4,492,359
609,562	1,015,504	(47)	(3,810)	1,190	67,530	8,792	3,040,229
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(465,128)	(236,050)	-	-	-	-	-	(3,743,663)
(465,128)	(236,050)	-	-	-	-	-	(3,743,663)
144,434	779,454	(47)	(3,810)	1,190	67,530	8,792	(703,434)
1,595,180	1,123,620	429,479	421,625	8,338	688,998	456,388	8,316,348
$ 1,739,614	$ 1,903,074	$ 429,432	$ 417,815	$ 9,528	$ 756,528	$ 465,180	$ 7,612,914

CITY OF SOUTHLAKE, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	SPECIAL REVENUE		DEBT SERVICE	
	Oil and Gas	Commercial Vehicle Enforcement	Southlake Parks Development Corporation	Community Enhancement Development Corporation
REVENUES				
Municipal sales tax	$ -	$ -	$ -	$ -
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	42,700	-	-
Charges for services	-	-	-	-
Interest	1,035	758	81,708	48,244
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	1,035	43,458	81,708	48,244
EXPENDITURES				
Current:				
General government				
Municipal court	-	-	-	-
Public safety				
Police services	-	136,400	-	-
Public works				
Streets and drainage	-	-	-	-
Cultural and recreation				
Parks and recreation	-	-	-	-
Library services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	2,100,000	1,280,000
Interest and fiscal charges	-	-	720,576	1,168,406
TOTAL EXPENDITURES	-	136,400	2,820,576	2,448,406
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,035	(92,942)	(2,738,868)	(2,400,162)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of refunding bonds	-	-	4,890,000	-
Premium on issuance of long term debt	-	-	598,456	-
Payment to refund bond escrow agent	-	-	(5,550,572)	-
Transfers from other funds	-	130,000	2,880,537	2,451,406
Transfers to other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	130,000	2,818,421	2,451,406
NET CHANGE IN FUND BALANCES	1,035	37,058	79,553	51,244
FUND BALANCES, BEGINNING OF YEAR	53,719	6,435	1,801,701	523,469
FUND BALANCES, END OF YEAR	$ 54,754	$ 43,493	$ 1,881,254	$ 574,713

CAPITAL PROJECTS		
Southlake Parks Development Corporation	Crime Control District	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
$ -	$ -	$ 8,998,675
-	-	560,336
-	-	498,789
-	-	3,178,275
247,611	11,792	770,035
129,373	-	182,041
-	-	3,008
376,984	11,792	14,191,159
-	-	39,296
-	-	2,046,538
-	-	554,231
-	-	5,327,461
-	-	8,705
3,117,149	128,883	3,246,032
-	-	3,380,000
-	-	1,888,982
3,117,149	128,883	16,491,245
(2,740,165)	(117,091)	(2,300,086)
-	-	4,890,000
-	-	598,456
-	-	(5,550,572)
4,200,000	-	9,661,943
-	-	(4,523,841)
4,200,000	-	5,075,986
1,459,835	(117,091)	2,775,900
5,855,417	248,547	26,216,279
$ 7,315,252	$ 131,456	$ 28,992,179

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-3**
PARKS AND RECREATION SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Interest	$ 200	$ 2,500	$ 3,413	$ 913
Contributions	85,000	27,500	34,252	6,752
Miscellaneous	-	4,000	-	(4,000)
Total revenues	85,200	34,000	37,665	3,665
EXPENDITURES				
Current:				
Cultural and recreation				
Parks and recreation	77,500	77,500	48,209	29,291
Total expenditures	77,500	77,500	48,209	29,291
Excess (deficiency) of revenues over (under) expenditures	7,700	(43,500)	(10,544)	32,956
NET CHANGE IN FUND BALANCES	7,700	(43,500)	(10,544)	32,956
FUND BALANCES, BEGINNING OF YEAR	169,286	169,286	169,286	-
FUND BALANCES, END OF YEAR	$ 176,986	$ 125,786	$ 158,742	$ 32,956

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-4**
PARKS DEDICATION SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Park fees	$ 90,000	$ 410,000	$ 560,336	$ 150,336
Interest	1,800	6,300	14,207	7,907
Total revenues	91,800	416,300	574,543	158,243
EXPENDITURES:				
Current:				
Culture and recreation				
Parks and recreation	-	-	-	-
Excess of revenues over expenditures	91,800	416,300	574,543	158,243
Net change in fund balance	91,800	416,300	574,543	158,243
FUND BALANCES, BEGINNING OF YEAR	469,214	469,214	469,214	-
FUND BALANCES, END OF YEAR	$ 561,014	$ 885,514	$ 1,043,757	$ 158,243

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-5**
CRIME CONTROL DISTRICT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Municipal sales tax	$ 1,955,000	$ 1,881,000	$ 1,898,389	$ 17,389
Interest	20,000	95,000	108,734	13,734
Total revenues	1,975,000	1,976,000	2,007,123	31,123
EXPENDITURES:				
Current:				
Public safety				
Police services	1,717,580	1,717,579	1,525,171	192,408
Excess of revenues over expenditures	257,420	258,421	481,952	223,531
OTHER FINANCING SOURCES USES:				
Transfers to other funds	(79,000)	(79,000)	(79,000)	-
Net change in fund balance	178,420	179,421	402,952	223,531
FUND BALANCES, BEGINNING OF YEAR	4,029,621	4,029,621	4,029,621	-
FUND BALANCES, END OF YEAR	$ 4,208,041	$ 4,209,042	$ 4,432,573	$ 223,531

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-6**
HOTEL OCCUPANCY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Municipal sales tax	$ 1,374,411	$ 1,374,411	$ 1,366,208	$ (8,203)
Interest	2,500	21,000	30,247	9,247
Total revenues	1,376,911	1,395,411	1,396,455	1,044
EXPENDITURES:				
Current:				
Culture and recreation				
Parks and recreation	1,068,404	911,211	786,893	124,318
Excess of revenues over expenditures	308,507	484,200	609,562	125,362
OTHER FINANCING USES:				
Transfers to other funds	(461,613)	(465,129)	(465,128)	1
Net change in fund balance	(153,106)	19,071	144,434	125,363
FUND BALANCES, BEGINNING OF YEAR	1,595,180	1,595,180	1,595,180	-
FUND BALANCES, END OF YEAR	$ 1,442,074	$ 1,614,251	$ 1,739,614	$ 125,363

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-7**
STORM WATER UTILITY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Charges for service	$ 1,545,800	$ 1,545,800	$ 1,543,354	$ (2,446)
Interest	2,500	14,000	26,381	12,381
Total revenues	1,548,300	1,559,800	1,569,735	9,935
EXPENDITURES:				
Current:				
Public works				
Streets and drainage	611,722	611,722	554,231	57,491
Excess of revenues over expenditures	936,578	948,078	1,015,504	67,426
OTHER FINANCING USES:				
Transfers to other funds	(235,590)	(236,050)	(236,050)	-
Net change in fund balance	700,988	712,028	779,454	67,426
FUND BALANCES, BEGINNING OF YEAR	1,123,620	1,123,620	1,123,620	-
FUND BALANCES, END OF YEAR	$ 1,824,608	$ 1,835,648	$ 1,903,074	$ 67,426

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-8**
COURT SECURITY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Fines and forfeitures	$ 29,000	$ 31,000	$ 31,166	$ 166
Interest	1,500	6,000	8,083	2,083
Total revenues	30,500	37,000	39,249	2,249
EXPENDITURES				
Current:				
General government				
Municipal court	75,160	75,160	39,296	35,864
Excess (deficiency) of revenues over (under) expenditures	(44,660)	(38,160)	(47)	38,113
Net change in fund balance	(44,660)	(38,160)	(47)	38,113
FUND BALANCES, BEGINNING OF YEAR	429,479	429,479	429,479	-
FUND BALANCES, END OF YEAR	$ 384,819	$ 391,319	$ 429,432	$ 38,113

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-9**
COURT TECHNOLOGY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Fines and forfeitures	$ 39,000	$ 42,000	$ 41,543	$ (457)
Interest	1,200	6,000	7,839	1,839
Total revenues	40,200	48,000	49,382	1,382
EXPENDITURES				
Current:				
Public safety				
Police services	60,500	60,500	53,192	7,308
Excess (deficiency) of revenues over (under) expenditures	(20,300)	(12,500)	(3,810)	8,690
Net change in fund balance	(20,300)	(12,500)	(3,810)	8,690
FUND BALANCES, BEGINNING OF YEAR	421,625	421,625	421,625	-
FUND BALANCES, END OF YEAR	$ 401,325	$ 409,125	$ 417,815	$ 8,690

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-10**
LIBRARY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Interest	$ 25	$ 125	$ 219	$ 94
Contributions	10,000	10,000	9,676	(324)
Total revenues	10,025	10,125	9,895	(230)
EXPENDITURES				
Current:				
Cultural and recreation				
Library services	10,000	10,000	8,705	1,295
Excess of revenues over expenditures	25	125	1,190	1,065
Net change in fund balance	25	125	1,190	1,065
FUND BALANCES, BEGINNING OF YEAR	8,338	8,338	8,338	-
FUND BALANCES, END OF YEAR	$ 8,363	$ 8,463	$ 9,528	$ 1,065

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-11**
RED LIGHT CAMERA SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Fines and forfeitures	$ 710,000	$ 368,000	$ 383,380	$ 15,380
Interest	1,000	10,000	15,925	5,925
Total revenues	711,000	378,000	399,305	21,305
EXPENDITURES:				
Current:				
Public safety				
Police services	541,738	314,000	331,775	(17,775)
Excess of revenues over expenditures	169,262	64,000	67,530	3,530
Net change in fund balance	169,262	64,000	67,530	3,530
FUND BALANCES, BEGINNING OF YEAR	688,998	688,998	688,998	-
FUND BALANCES, END OF YEAR	$ 858,260	$ 752,998	$ 756,528	$ 3,530

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-12**
STORM WATER MAINTENANCE SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Interest	$ -	$ -	$ 8,792	$ 8,792
EXPENDITURES				
Current:				
Public works				
Streets and drainage	-	-	-	-
Excess of revenues over expenditures	-	-	8,792	8,792
Net change in fund balance	-	-	8,792	8,792
FUND BALANCES, BEGINNING OF YEAR	456,388	456,388	456,388	-
FUND BALANCES, END OF YEAR	$ 456,388	$ 456,388	$ 465,180	$ 8,792

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-13**
SOUTHLAKE COMMUNITY ENHANCEMENT DEVELOPMENT CORPORATION SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Municipal sales tax	$ 5,864,000	$ 5,650,340	$ 5,734,078	$ 83,738
Charges for services	2,566,271	1,507,848	1,634,921	127,073
Interest	45,000	140,000	154,512	14,512
Contributions	10,000	8,250	8,740	490
Miscellaneous	-	-	337	337
Total revenues	8,485,271	7,306,438	7,532,588	226,150
EXPENDITURES:				
Current:				
Culture and recreation				
Parks and recreation	5,674,919	5,062,193	4,492,359	569,834
Excess of revenues over expenditures	2,810,352	2,244,245	3,040,229	795,984
OTHER FINANCING USES:				
Transfers to other funds	(3,790,817)	(3,743,663)	(3,743,663)	-
Net change in fund balance	(980,465)	(1,499,418)	(703,434)	795,984
FUND BALANCES, BEGINNING OF YEAR	8,316,348	8,316,348	8,316,348	-
FUND BALANCES, END OF YEAR	$ 7,335,883	$ 6,816,930	$ 7,612,914	$ 795,984

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-14**
COMMERCIAL VEHICLE ENFORCEMENT
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Fines and forfeitures	$ 65,000	$ 42,000	$ 42,700	$ 700
Interest	-	750	758	8
Total revenues	65,000	42,750	43,458	708
EXPENDITURES				
Current:				
Public safety				
Police services	146,767	146,766	136,400	10,366
Excess (deficiency) of revenues over (under) expenditures	(81,767)	(104,016)	(92,942)	11,074
OTHER FINANCING SOURCES				
Transfers from other funds	85,000	130,000	130,000	-
Net change in fund balance	3,233	25,984	37,058	11,074
FUND BALANCES, BEGINNING OF YEAR	6,435	6,435	6,435	-
FUND BALANCES, END OF YEAR	$ 9,668	$ 32,419	$ 43,493	$ 11,074

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-15**
SOUTHLAKE PARKS DEVELOPMENT CORPORATION DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Interest	$ 12,000	$ 74,000	$ 81,708	$ 7,708
EXPENDITURES:				
Debt service:				
Principal retirement	2,100,000	2,100,000	2,100,000	-
Interest and fiscal charges	786,537	786,537	720,576	65,961
Total expenditures	2,886,537	2,886,537	2,820,576	65,961
Excess (deficiency) of revenues over (under) expenditures	(2,874,537)	(2,812,537)	(2,738,868)	73,669
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of refunding bonds	-	4,890,000	4,890,000	-
Premium on issuance of long term debt	-	598,456	598,456	-
Payment to refunding bond escrow agent	-	(5,550,572)	(5,550,572)	-
Transfers from other funds	2,880,537	2,880,537	2,880,537	-
Total other financing sources (uses)	2,880,537	2,818,421	2,818,421	-
Net change in fund balance	6,000	5,884	79,553	73,669
FUND BALANCES, BEGINNING OF YEAR	1,801,701	1,801,701	1,801,701	-
FUND BALANCES, END OF YEAR	$ 1,807,701	$ 1,807,585	$ 1,881,254	$ 73,669

CITY OF SOUTHLAKE, TEXAS **EXHIBIT C-16**
COMMUNITY ENHANCEMENT DEVELOPMENT CORPORATION DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Interest	$ 5,000	$ 43,000	$ 48,244	$ 5,244
EXPENDITURES:				
Debt service:				
Principal retirement	1,280,000	1,280,000	1,280,000	-
Interest and fiscal charges	1,171,406	1,171,406	1,168,406	3,000
Total expenditures	2,451,406	2,451,406	2,448,406	3,000
Excess (deficiency) of revenues over (under) expenditures	(2,446,406)	(2,408,406)	(2,400,162)	8,244
OTHER FINANCING SOURCES:				
Transfers from other funds	2,451,406	2,451,406	2,451,406	-
Net change in fund balance	5,000	43,000	51,244	8,244
FUND BALANCES, BEGINNING OF YEAR	523,469	523,469	523,469	-
FUND BALANCES, END OF YEAR	$ 528,469	$ 566,469	$ 574,713	$ 8,244

AGENCY FUNDS

An Agency Fund is used to account for resources held for others in a custodial capacity. The City maintains the following Agency Fund:

Cash Escrow Agency Fund - accounts for the receipt and subsequent disbursement of deposits paid to the City by builders/developers.

CITY OF SOUTHLAKE, TEXAS **EXHIBIT F-1**
CASH ESCROW AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Balance at Beginning of Year	Additions	Deletions	Balance at End of Year
ASSETS				
Cash and cash equivalents	$ 68,835	$ 1,251	$ -	$ 70,086
Accrued interest receivable	-	75	-	75
TOTAL ASSETS	$ 68,835	$ 1,326	$ -	$ 70,161
LIABILITIES				
Due to builders	$ 68,835	$ 1,326	$ -	$ 70,161
TOTAL LIABILITIES	$ 68,835	$ 1,326	$ -	$ 70,161

CITY OF SOUTHLAKE, TEXAS **EXHIBIT G-1**
COMPARATIVE SCHEDULES OF CAPITAL ASSETS BY SOURCE
SEPTEMBER 30, 2019 AND 2018

	2019	2018
General capital assets		
Land and improvements	$ 131,821,856	$ 130,753,341
Buildings and improvements	141,382,874	97,278,565
Equipment	31,939,286	28,966,691
Infrastructure	267,722,802	267,066,370
Construction in progress	7,092,033	37,452,390
Total capital assets	$ 579,958,851	$ 561,517,357
Investment in general capital assets		
Capital projects funds	$ 428,620,730	$ 413,639,802
General and other fund revenues	86,401,033	83,739,510
Gifts	64,937,088	64,138,045
Total investment in capital assets	$ 579,958,851	$ 561,517,357

CITY OF SOUTHLAKE, TEXAS **EXHIBIT G-2**
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Function and Activity	Capital Assets October 1, 2018	Additions	Deductions	Capital Assets September 30, 2019
General government	$ 188,979,827	$ 407,173	$ -	$ 189,387,000
Public safety	67,327,737	1,567,567	(77,984)	68,817,320
Public works	181,032,013	4,409,471	(137,918)	185,303,566
Cultural and Recreation	124,177,780	57,925,553	(45,652,368)	136,450,965
Total capital assets	$ 561,517,357	$ 64,309,764	$ (45,868,270)	$ 579,958,851

	General Government	Public Safety	Public Works	Cultural and Recreation	Total
Land and improvements	$ 2,193,366	$ 4,303,925	$ 65,710,808	$ 59,613,757	$ 131,821,856
Buildings and improvements	26,381,000	48,647,676	2,386,761	63,967,437	141,382,874
Equipment	7,178,581	15,865,719	6,063,668	2,831,318	31,939,286
Infrastructure	153,634,053	-	104,484,826	9,603,923	267,722,802
Construction in Progress	-	-	6,657,503	434,530	7,092,033
Total	$ 189,387,000	$ 68,817,320	$ 185,303,566	$ 136,450,965	$ 579,958,851

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Southlake's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents

	Table #s
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	**1, 2, 3 & 4**
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	**5, 6, 7 & 8**
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	**9, 10, 11 & 12**
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	**13 & 14**
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	**15, 16 & 17**

Source: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003: tables presenting government-wide information include information beginning in that year.

CITY OF SOUTHLAKE, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	$ 277,985,305	$ 298,418,769	$ 291,690,099	$ 324,928,883
Restricted	8,814,621	9,739,189	67,444,322	15,178,798
Unrestricted	58,438,700	53,157,494	16,726,782	50,356,758
Total governmental activities net position	$ 345,238,626	$ 361,315,452	$ 375,861,203	$ 390,464,439
Business-type activities				
Net investment in capital assets	$ 65,039,374	$ 68,911,163	$ 67,918,830	$ 70,968,919
Restricted	-	-	-	-
Unrestricted	18,831,525	17,613,924	18,908,505	17,673,963
Total business-type activities net position	$ 83,870,899	$ 86,525,087	$ 86,827,335	$ 88,642,882
Primary government				
Net investment in capital assets	$ 343,024,679	$ 367,329,932	$ 359,608,929	$ 395,897,802
Restricted	8,814,621	9,739,189	67,444,322	15,178,798
Unrestricted	77,270,225	70,771,418	35,635,287	68,030,721
Total primary governmental net position	$ 429,109,525	$ 447,840,539	$ 462,688,538	$ 479,107,321

Source: Comprehensive Annual Financial Report

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 338,303,633	$ 366,796,228	$ 364,161,725	$ 385,506,389	$ 392,406,812	$ 399,651,828
15,092,604	13,624,164	11,589,350	49,850,439	28,492,591	32,690,100
58,732,145	59,447,800	80,992,079	45,930,426	78,585,681	87,753,906
$ 412,128,382	$ 439,868,192	$ 456,743,154	$ 481,287,254	$ 499,485,084	$ 520,095,834
$ 73,126,147	$ 78,143,445	$ 79,055,138	$ 82,251,014	$ 83,461,157	$ 83,223,713
-	-	-	-	-	-
16,085,060	13,660,807	19,304,913	23,525,952	26,915,321	27,794,856
$ 89,211,207	$ 91,804,252	$ 98,360,051	$ 105,776,966	$ 110,376,478	$ 111,018,569
$ 411,429,780	$ 444,939,673	$ 443,216,863	$ 467,757,403	$ 475,867,969	$ 482,875,541
15,092,604	13,624,164	11,589,350	49,850,439	28,492,591	32,690,100
74,817,205	73,108,607	100,296,992	69,456,378	105,501,002	115,548,762
$ 501,339,589	$ 531,672,444	$ 555,103,205	$ 587,064,220	$ 609,861,562	$ 631,114,403

CITY OF SOUTHLAKE, TEXAS
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	$ 11,814,836	$ 13,754,529	$ 13,277,006	$ 12,892,140
Public safety	14,885,499	15,144,173	15,891,911	18,425,878
Public works	5,767,688	6,279,687	6,399,819	8,528,331
Culture and recreation	7,287,434	7,897,173	8,158,291	8,829,394
Interest on long-term debt	6,515,269	5,638,272	5,865,798	6,747,628
Total governmental activities expenses	46,270,726	48,713,834	49,592,825	55,423,371
Business-type activities:				
Water and sewer	18,948,438	20,724,651	22,530,688	22,119,518
Total business-type activities expenses	18,948,438	20,724,651	22,530,688	22,119,518
Total primary government expenses	$ 65,219,164	$ 69,438,485	$ 72,123,513	$ 77,542,889
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	$ 2,476,000	$ 2,616,321	$ 2,575,773	$ 2,755,038
Public safety	2,706,847	2,818,913	3,744,708	3,650,079
Public works	240,916	71,129	179,094	291,926
Culture and recreation	1,387,558	1,384,823	1,400,794	1,422,552
Operating grants and contributions	688,803	532,100	200,434	639,230
Capital grants and contributions	5,994,206	2,309,613	518,617	2,244,965
Total governmental activities program revenues	13,494,330	9,732,899	8,619,420	11,003,790
Business-type activities:				
Charges for services:				
Water and sewer	18,897,356	22,571,056	22,451,738	22,806,432
Capital grants and contributions	2,578,400	1,433,278	1,214,395	1,981,354
Total business-type activities program revenues	21,475,756	24,004,334	23,666,133	24,787,786
Total primary government program revenues	$ 34,970,086	$ 33,737,233	$ 32,285,553	$ 35,791,576
Net (Expenses) Revenue				
Governmental activities	$ (32,776,396)	$ (38,980,935)	$ (40,973,405)	$ (44,419,581)
Business-type activities	2,527,318	3,279,683	1,135,445	2,668,268
Total primary government net expenses	$ (30,249,078)	$ (35,701,252)	$ (39,837,960)	$ (41,751,313)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 32,298,360	$ 31,568,583	$ 31,166,847	$ 31,844,930
Sales taxes	17,610,781	18,969,870	20,076,478	22,659,917
Franchise taxes	2,606,248	2,783,279	2,598,074	2,646,394
Interest on investments	414,852	258,556	232,722	30,110
Gain (Loss) on sale of capital assets	21,465	26,741	91,134	89,923
Transfers	596,093	791,830	890,220	915,475
Miscellaneous	428,804	658,902	463,681	836,068
Total governmental activities	53,976,603	55,057,761	55,519,156	59,022,817
Business-type activities:				
Interest on investments	155,173	123,872	46,212	25,227
Gain (Loss) on sale of capital assets	-	-	-	-
Transfers	(596,093)	(791,830)	(890,220)	(915,475)
Miscellaneous	71,871	42,463	10,811	37,527
Total business-type activities	(369,049)	(625,495)	(833,197)	(852,721)
Total primary government	$ 53,607,554	$ 54,432,266	$ 54,685,959	$ 58,170,096
Change in Net Position				
Governmental activities	$ 21,200,207	$ 16,076,826	$ 14,545,751	$ 14,603,236
Business-type activities	2,158,269	2,654,188	302,248	1,815,547
Total primary government	$ 23,358,476	$ 18,731,014	$ 14,847,999	$ 16,418,783

Source: Comprehensive Annual Financial Report

TABLE 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
$ 13,417,904	$ 14,602,425	$ 12,851,787	$ 17,430,052	$ 18,255,444	$ 20,014,583
18,245,617	18,176,698	19,300,590	21,179,963	23,962,971	23,881,485
8,870,998	9,762,184	11,950,671	8,979,020	10,040,453	10,081,721
8,948,841	9,311,006	10,655,763	11,780,022	12,775,020	15,955,201
5,097,036	2,528,113	3,005,359	3,834,897	3,047,221	2,750,037
54,580,396	54,380,426	57,764,170	63,203,954	68,081,109	72,683,027
25,030,426	26,692,373	24,741,428	24,703,007	29,068,434	29,873,788
25,030,426	26,692,373	24,741,428	24,703,007	29,068,434	29,873,788
$ 79,610,822	$ 81,072,799	$ 82,505,598	$ 87,906,961	$ 97,149,543	$ 102,556,815
$ 2,657,883	$ 2,309,861	$ 2,363,499	$ 2,262,247	$ 2,895,701	$ 2,498,549
3,907,068	4,427,137	4,620,030	3,929,564	2,495,288	3,001,895
360,529	265,432	223,533	143,935	1,635,163	1,724,344
1,379,658	1,399,822	1,537,185	1,814,319	1,301,793	2,145,128
443,157	455,575	310,636	328,288	459,006	866,518
4,436,346	8,967,466	2,228,863	7,714,765	1,044,834	1,437,166
13,184,641	17,825,293	11,283,746	16,193,118	9,831,785	11,673,600
23,591,438	24,792,619	25,474,777	27,939,504	32,229,361	29,929,932
3,510,936	5,776,438	1,638,842	3,851,057	2,367,774	896,652
27,102,374	30,569,057	27,113,619	31,790,561	34,597,135	30,826,584
$ 40,287,015	$ 48,394,350	$ 38,397,365	$ 47,983,679	$ 44,428,920	$ 42,500,184
$ (41,395,755)	$ (36,555,133)	$ (46,480,424)	$ (47,010,836)	$ (58,249,324)	$ (61,009,427)
2,071,948	3,876,684	2,372,191	7,087,554	5,528,701	952,796
$ (39,323,807)	$ (32,678,449)	$ (44,108,233)	$ (39,923,282)	$ (52,720,623)	$ (60,056,631)
$ 33,099,007	$ 33,176,285	$ 34,501,608	$ 37,705,796	$ 40,380,926	$ 41,734,946
26,623,661	30,090,614	29,047,285	29,968,331	30,822,431	31,868,204
2,841,025	3,327,739	2,955,114	2,907,537	2,972,143	3,114,117
482,607	523,954	379,342	843,082	2,108,804	3,247,401
99,109	102,900	102,960	71,284	-	-
915,116	968,160	(3,767,400)	(157,975)	1,211,036	1,178,932
639,571	1,066,818	136,477	216,881	-	476,577
64,700,096	69,256,470	63,355,386	71,554,936	77,495,340	81,620,177
101,469	112,967	94,837	167,068	320,473	868,227
-	23,100	317,276	350	-	-
(915,116)	(968,160)	3,767,400	157,975	(1,211,036)	(1,178,932)
6,963	4,521	4,095	3,968	4,166	-
(806,684)	(827,572)	4,183,608	329,361	(886,397)	(310,705)
$ 63,893,412	$ 68,428,898	$ 67,538,994	$ 71,884,297	$ 76,608,943	$ 81,309,472
$ 23,304,341	$ 32,701,337	$ 16,874,962	$ 24,544,100	$ 19,246,016	$ 20,610,750
1,265,264	3,049,112	6,555,799	7,416,915	4,642,304	642,091
$ 24,569,605	$ 35,750,449	$ 23,430,761	$ 31,961,015	$ 23,888,320	$ 21,252,841

CITY OF SOUTHLAKE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 3

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	$ -	$ 36,519	$ 37,791	$ 292,356	$ 46,008	$ 27,826	$ 86,286	$ 57,997	$ 86,286	$ 63,189
Committed for:										
Police expenditures	-	48,543	33,624	22,643	28,647	34,609	-	46,657	-	-
Assigned for:										
Police expenditures	-	31,979	-	-	-	-	-	-	-	-
Teen Court expenditures	-	17,954	18,314	18,606	18,832	19,077	19,835	19,684	19,835	20,427
Senior Center expenditures	-	10,391	10,397	10,629	10,623	10,624	10,743	10,671	10,743	10,938
Recycling	-	33,624	22,642	28,629	34,609	40,612	59,163	52,811	59,163	66,253
Reforestation expenditures	-	165,253	113,907	69,128	44,098	101,873	111,728	112,300	111,728	63,030
Public art	-	-	-	-	-	-	-	-	678,829	835,991
Facility maintenance	-	-	-	-	-	-	-	-	6,708,556	7,222,995
Economic investment	-	-	-	-	-	-	-	-	2,237,211	2,282,718
Strategic initiatives	-	4,303,823	6,517,692	5,988,904	7,980,605	7,673,680	5,297,998	6,052,063	5,299,595	7,585,671
Unassigned	-	12,400,379	13,205,240	14,351,627	16,399,991	18,230,317	19,762,633	18,745,735	11,799,021	12,517,340
Reserved[a]	164,205	-	-	-	-	-	-	-	-	-
Unreserved	17,982,361	-	-	-	-	-	-	-	-	-
Total general fund	$ 18,146,566	$ 17,048,465	$ 19,959,607	$ 20,782,522	$ 24,563,413	$ 26,138,618	$ 25,348,386	$ 25,097,918	$ 27,010,967	$30,668,552
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50,177	$ -
Restricted for:										
Debt Service	-	11,885,706	12,657,819	12,406,902	12,150,184	11,057,196	9,005,985	8,029,607	7,750,782	8,419,008
Municipal court expenditures	-	738,259	770,071	823,737	860,556	878,490	838,458	868,393	851,104	847,247
Reinvestment zone expenditures	-	5,348,592	4,718,865	4,298,510	4,422,565	4,010,195	3,851,783	1,954,971	923,093	2,925,977
Capital projects	-	43,779,957	51,436,227	55,898,283	53,053,840	41,949,791	72,654,652	78,664,646	40,726,831	24,372,567
Committed for:										
Police expenditures	-	7,409,770	5,969,294	4,951,542	5,532,996	7,813,849	4,986,804	3,645,226	4,743,948	5,254,694
Parks and recreation	-	6,411,344	6,381,618	7,692,049	8,020,248	10,720,498	11,125,967	17,968,695	8,904,671	8,815,413
Oil and gas expenditures	-	53,185	53,211	53,220	53,160	53,168	53,227	53,404	53,719	54,754
Storm water expenditures	-	300,963	451,127	451,164	450,824	451,371	4,856,336	453,374	456,388	465,180
Library expenditures	-	3,784	3,422	15,844	7,967	8,832	7,132	7,432	8,338	9,528
Capital projects	-	-	-	-	-	-	-	-	34,285,874	44,554,528
Reserved for:										
Debt service	10,768,763	-	-	-	-	-	-	-	-	-
Police expenditures	4,961,222	-	-	-	-	-	-	-	-	-
Parks	8,136,946	-	-	-	-	-	-	-	-	-
Capital projects	45,433,316	-	-	-	-	-	-	-	-	-
Reinvestment zone expenditures	5,465,595	-	-	-	-	-	-	-	-	-
Municipal court expenditures	767,464	-	-	-	-	-	-	-	-	-
Storm water expenditures	150,000	-	-	-	-	-	-	-	-	-
Oil and gas expenditures	44,240	-	-	-	-	-	-	-	-	-
Library expenditures	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	(11)	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 75,727,535	$ 75,931,560	$ 82,441,654	$ 86,591,251	$ 84,552,340	$ 76,943,390	$ 107,380,344	$ 111,645,748	$ 98,754,925	$95,718,896

Source: Comprehensive Annual Financial Report

Notes: [a] Includes encumbrances and prepaid items.
The City implemented GASB 54 in 2011

CITY OF SOUTHLAKE, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Ad valorem taxes, penalties and interest	$ 32,295,959	$ 31,564,305	$ 31,137,199	$ 31,844,934	$ 33,174,810	$ 33,294,062	$ 34,445,902	$ 37,688,372	$ 40,484,511	$41,744,243
Franchise taxes	2,606,248	2,783,279	2,598,074	2,646,394	2,841,025	3,327,739	2,955,114	2,907,537	2,972,143	3,114,117
Municipal sales tax and mixed beverage tax	17,610,781	18,969,870	20,076,478	22,659,917	26,623,661	30,090,614	29,047,285	29,968,331	30,822,431	31,868,204
Licenses, permits and fees	2,854,076	2,620,703	3,431,600	3,517,378	3,925,956	4,385,000	4,590,477	4,103,003	2,184,965	3,161,228
Charges for services	1,535,363	1,660,154	1,805,022	1,876,302	1,778,003	1,849,747	1,797,676	1,909,922	1,984,377	4,970,991
Fines and forfeitures	2,116,405	2,347,729	2,307,407	2,473,444	2,374,221	1,943,406	2,011,137	1,969,180	2,040,036	1,798,033
Grants	409,498	207,533	117,810	205,846	214,152	90,428	128,489	100,899	2,108,228	124,141
Capital recovery fees	295,987	645,022	435,406	794,976	474,172	866,782	1,237,552	308,095	376,004	621,715
Contributions	24,479	8,392	26,693	33,316	130,564	112,409	383,732	859,199	97,644	198,449
Interest earned	429,323	280,510	198,601	33,092	457,820	490,551	71,411	118,956	2,044,822	3,123,081
Miscellaneous	676,599	596,885	521,598	735,539	552,544	672,333	528,093	544,727	481,919	341,934
Total revenues	60,854,718	61,684,382	62,655,888	66,821,138	72,546,928	77,123,071	77,196,868	80,478,221	85,597,080	91,066,136
EXPENDITURES										
General government	7,773,116	8,175,858	7,756,647	8,617,226	8,629,250	8,974,058	9,301,750	9,608,516	11,053,010	12,988,724
Public safety	13,985,817	14,209,607	14,692,116	17,096,436	16,924,285	16,968,939	17,376,310	18,520,588	19,806,464	21,145,351
Public works	4,401,924	4,699,931	4,662,449	5,818,028	6,303,749	5,332,402	5,483,131	19,112,170	23,225,431	5,687,428
Culture and recreation	6,041,352	6,548,072	6,590,252	6,980,508	7,227,628	7,441,366	8,456,526	8,783,323	8,026,149	21,815,043
Intergovernmental	3,158,243	3,349,211	2,972,849	3,572,221	3,834,118	4,478,312	4,623,919	5,348,444	6,045,218	6,123,926
Capital outlay	21,636,017	17,852,536	11,072,944	17,097,340	14,623,962	21,349,324	8,658,067	4,800,627	12,214,328	8,285,716
Debt service										
Principal retirement	7,560,738	9,104,921	9,901,754	10,660,527	11,930,280	14,489,311	13,394,604	13,258,185	12,220,242	8,385,059
Interest and fiscal charges	5,987,246	5,607,918	5,659,876	4,839,491	4,982,567	3,894,535	3,796,740	4,084,086	3,695,048	3,175,731
Total expenditures	70,544,453	69,548,054	63,308,887	74,681,777	74,455,839	82,928,247	71,091,047	83,515,939	96,285,890	87,606,978
Excess (deficiency) of revenues over (under) expenditures	(9,689,735)	(7,863,672)	(652,999)	(7,860,639)	(1,908,911)	(5,805,176)	6,105,821	(3,037,718)	(10,688,810)	3,459,158
OTHER FINANCING SOURCES (USES)										
Sale of vehicles	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property	-	4,849	-	80	1,521	3,271	-	-	-	6,019
Proceeds from issuance of general obligation bonds	7,210,000	7,765,000	8,545,000	11,765,000	4,380,000	-	-	-	-	-
Premium (Discount) on issuance of refunding bonds	-	-	-	-	-	-	-	884,928	-	1,329,086
Proceeds from issuance of sales tax revenue bonds	3,245,000	-	-	-	-	-	24,450,000	9,945,000	-	-
Proceeds from issuance of refunding bonds	19,325,790	-	9,690,000	20,830,000	23,400,000	-	-	3,830,000	-	10,860,000
Proceeds from capital lease obligation	-	-	-	-	-	-	-	-	-	-
Premium (Discount) on issuance of general obligation bonds	1,321,370	407,917	1,737,875	3,753,175	1,301,376	-	2,168,153	-	-	-
Payment to refund bond escrow agent	(20,120,845)	-	(10,788,860)	(24,030,579)	(25,547,122)	-	-	(4,309,151)	-	(12,311,639)
Transfer from other funds	13,510,915	17,004,152	20,292,866	18,730,003	20,498,983	21,925,067	23,584,605	23,332,602	23,056,973	17,941,263
Transfer to other funds	(13,149,822)	(18,212,322)	(19,402,646)	(18,214,528)	(20,383,867)	(22,156,907)	(28,352,005)	(24,940,577)	(23,345,937)	(20,662,331)
Total other financing sources (uses)	11,342,408	6,969,596	10,074,235	12,833,151	3,650,891	(228,569)	21,850,753	8,742,802	(288,964)	(2,837,602)
NET CHANGE IN FUND BALANCES	$ 1,652,673	$ (894,076)	$ 9,421,236	$ 4,972,512	$ 1,741,980	$ (6,033,745)	$ 27,956,574	$ 5,705,084	$ (10,977,774)	$ 621,556
Debt service as a percentage of noncapital expenditures	28.3%	28.4%	29.1%	25.9%	27.7%	29.1%	27.0%	25.5%	21.8%	16.1%

Source: Comprehensive Annual Financial Report

CITY OF SOUTHLAKE, TEXAS **TABLE 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

	Estimated Market Value				
Fiscal Year	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2010	$ 5,705,149,612	$ 434,998,249	$ 579,515,687	$ 5,560,632,174	0.46200
2011	5,597,281,840	422,882,032	585,644,425	5,434,519,447	0.46200
2012	5,640,517,144	449,611,387	581,725,777	5,508,402,754	0.46200
2013	5,841,369,884	438,836,614	631,016,684	5,649,189,814	0.46200
2014	5,935,122,961	588,389,191	638,106,472	5,885,405,680	0.46200
2015	6,341,625,915	614,607,452	756,399,951	6,199,833,416	0.46200
2016	6,635,586,201	542,023,423	1,039,819,893	6,137,789,731	0.46200
2017	7,556,442,291	543,192,799	1,364,174,169	6,735,460,921	0.46200
2018	8,254,704,348	602,971,804	1,683,599,421	7,174,076,731	0.46200
2019	9,002,807,317	614,999,492	1,845,495,105	7,772,311,704	0.44700

Source: Tarrant Appraisal District

CITY OF SOUTHLAKE, TEXAS **TABLE 6**
DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(UNAUDITED)

	City Direct Rates			Overlapping Rates			
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	Carroll Independent School District	Tarrant County	Tarrant County Hospital District	Tarrant County College District
2010	0.33200	0.13000	0.46200	1.41500	0.264000	0.227897	0.13767
2011	0.33200	0.13000	0.46200	1.41500	0.264000	0.227897	0.13764
2012	0.33200	0.13000	0.46200	1.41500	0.264000	0.227897	0.14897
2013	0.34200	0.12000	0.46200	1.40000	0.264000	0.227897	0.14897
2014	0.34200	0.12000	0.46200	1.40000	0.264000	0.227897	0.14950
2015	0.34200	0.12000	0.46200	1.40000	0.264000	0.227897	0.14950
2016	0.36200	0.10000	0.46200	1.39500	0.264000	0.227897	0.14950
2017	0.36200	0.10000	0.46200	1.39500	0.254000	0.227897	0.14473
2018	0.36200	0.10000	0.46200	1.38500	0.244000	0.224429	0.14006
2019	0.35700	0.09000	0.44700	1.38000	0.234000	0.224429	0.13607

Source: Tarrant Appraisal District

CITY OF SOUTHLAKE, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND FIVE YEARS AGO
(UNAUDITED)

TABLE 7

2019			2014		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value[a]	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value[b]
Town Square Ventures LP	$ 192,608,355	2.48%	Verizon Wireless Texas LLC	$ 177,921,915	3.02%
Dallas MTA LP	150,416,812	1.94%	Town Square Ventures / IV LP	116,505,690	1.98%
SLTS Grand Avenue LP/ II LP	94,053,700	1.21%	SLTS Grand Avenue/ II LP	73,544,854	1.25%
Wyndham Properties LTD/ II Ltd	91,034,115	1.17%	Wyndham Properties LTD	52,366,496	0.89%
Carroll/1709 LTD	60,742,513	0.78%	Sabre Headquarters LLC	45,538,556	0.77%
Excel Southlake LP	59,631,004	0.77%	Carroll/1709 Ltd	44,199,577	0.75%
Sabre Headquarters LLC	51,642,178	0.66%	H and C Southlake Hilton LLC	30,000,000	0.51%
GAHC3 Southlake TX Hospital LLC	46,943,688	0.60%	Inland Western Southlake Corners Ltd	27,700,000	0.47%
H and C Southlake Hilton LLC	44,000,000	0.57%	Cambridge 114 Inc.	20,924,941	0.36%
Inland Western Southlake Corners	35,034,470	0.45%	Costco Wholesale Corp	20,309,231	0.35%
Total	$ 826,106,835	10.63%	Total	$ 609,011,260	10.35%
Total Assessed Valuation	$ 7,772,311,704	100.00%	Total Assessed Valuation	$ 5,885,405,680	100.00%

Source: Tarrant Appraisal District

Notes: [a]Taxpayers are assessed on January 1, 2017 (2017 tax year) for the 2018 fiscal year.
[b]Taxpayers are assessed on January 1, 2012 (2012 tax year) for the 2013 fiscal year.

CITY OF SOUTHLAKE, TEXAS **TABLE 8**
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 25,833,584	$ 25,610,983	99.14	$ 123,772	$ 25,734,755	99.62
2011	25,656,525	25,297,255	98.60	278,827	25,576,082	99.69
2012	25,915,813	25,552,394	98.60	222,656	25,775,050	99.46
2013	26,053,160	25,762,457	98.88	164,637	25,927,094	99.52
2014	27,136,997	26,865,897	99.00	68,693	26,934,590	99.25
2015	27,791,839	27,556,790	99.15	92,737	27,649,527	99.49
2016	28,965,792	28,684,131	99.03	131,026	28,815,157	99.48
2017	31,410,934	31,054,006	98.86	42,601	31,096,607	99.00
2018	33,103,373	32,975,600	99.61	1,665	32,977,265	99.62
2019	34,957,519	34,486,820	98.65	-	34,486,820	98.65

Source: Tarrant County Tax Office

CITY OF SOUTHLAKE, TEXAS **TABLE 9**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities			Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Contract Revenue Obligations	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2010	$ 61,889,954	$ 42,928,760	$ 23,720,000	$ 29,240,686	$ 20,755,540	$ -	$ 2,665,900	$ 181,200,840	12.40	$ 6,818
2011	57,467,696	44,043,985	25,690,000	26,907,806	23,420,800	-	2,060,000	179,590,287	12.29	6,752
2012	55,747,995	38,971,935	30,360,045	24,692,508	23,126,850	1,790,000	1,755,000	176,444,333	11.44	6,591
2013	49,975,889	44,402,760	28,910,000	23,163,624	24,660,985	-	1,435,000	172,548,258	9.81	6,372
2014	45,355,674	41,553,855	27,150,000	18,923,955	28,009,860	-	1,100,000	162,093,344	10.93	5,910
2015	40,847,363	33,182,855	25,540,000	15,422,270	30,035,860	-	750,000	145,778,348	9.03	5,238
2016	40,733,282	29,511,905	48,330,000	12,974,232	29,143,202	-	385,000	161,077,621	9.30	5,694
2017	39,022,933	18,706,525	57,207,643	13,846,422	28,963,708	-	-	157,747,231	8.08	5,358
2018	30,112,187	11,050,000	53,605,000	9,187,813	30,550,000	-	-	134,505,000	6.14	4,547
2019	40,949,900	-	51,198,945	14,816,097	22,463,654	-	-	129,428,596	6.01	4,270

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 13 for personal income and population data.

CITY OF SOUTHLAKE, TEXAS **TABLE 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	General Bonded Debt Outstanding: Certificates of Obligation	General Bonded Debt Outstanding: Total	Less: Available Debt Service Funds	Net General Bonded Debt	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
2009	$ 50,113,172	$ 102,831,826	$ 152,944,998	$ 9,997,763	$ 142,947,235	2.68%	#REF!
2010	91,130,640	63,684,300	154,814,940	10,768,763	144,046,177	2.59%	5,420
2011	84,375,502	67,464,785	151,840,287	11,885,706	139,954,581	2.58%	5,261
2012	80,440,503	62,098,785	142,539,288	12,657,819	129,881,469	2.36%	4,852
2013	73,139,513	69,063,745	142,203,258	12,406,902	129,796,356	2.30%	4,793
2014	64,279,629	69,563,715	133,843,344	12,150,184	121,693,160	2.07%	4,437
2015	56,269,633	63,218,715	119,488,348	11,057,196	108,431,152	1.75%	3,896
2016	53,707,514	58,655,107	112,362,621	9,005,985	103,356,636	1.68%	3,653
2017	52,869,355	47,670,233	100,539,588	7,444,512	93,095,076	1.38%	3,162
2018	39,300,000	41,600,000	80,900,000	7,345,622	73,554,378	1.03%	2,487
2019	55,765,997	22,463,654	78,229,651	8,419,008	69,810,643	0.90%	2,303

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[a]See Table 5 for property value data.

[b]See Table 13 for population data.

CITY OF SOUTHLAKE, TEXAS **TABLE 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2019
(UNAUDITED)

Governmental Unit	Gross Bonded Debt	Percentage of Debt Applicable to Area	Share of Overlapping Debt
Debt repaid with property taxes			
Carroll ISD	$ 306,677,164	86.60%	$ 266,686,462
Denton County	590,380,000	0.18%	1,062,684
Grapevine-Colleyville ISD	435,416,058	1.62%	7,053,740
Keller ISD	649,855,320	2.49%	16,181,397
Northwest ISD	934,245,475	0.61%	5,698,897
Tarrant County	266,375,000	4.25%	11,320,938
Tarrant County Hospital District	17,735,000	4.25%	753,738
Subtotal, overlapping debt			308,757,856
City of Southlake (direct debt)	$ 92,148,845	100.00%	92,148,845
Total direct and overlapping debt			$ 400,906,701

Source: Municipal Advisory Council of Texas.

Note: Includes only debt of the City's governmental activities.

Note: The overlapping percentages are calculated by determining the estimated share assessed valuation of taxable property within the overlapping taxing bodies and the City, and then dividing that share value by the total assessed value of taxable property within the overlapping tax body.

CITY OF SOUTHLAKE, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 12

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2010	$ 21,702,800	$ 12,153,476	$ 9,549,324	$ 5,832,842	1.64
2011	24,170,666	14,333,095	9,837,571	5,825,610	1.69
2012	23,723,156	15,869,436	7,853,720	4,394,749	1.79
2013	24,852,430	14,846,831	10,005,599	4,894,720	2.04
2014	24,702,585	17,270,262	7,432,323	5,120,685	1.45
2015	26,112,528	18,238,461	7,874,067	5,335,396	1.48
2016	26,987,100	19,424,610	7,562,490	5,466,814	1.38
2017	28,110,890	20,039,979	8,070,911	6,090,382	1.33
2018	32,554,350	24,273,419	8,280,931	5,181,837	1.60
2019	31,390,422	25,607,271	5,783,151	4,263,334	1.36

Note: [a]Includes operating and non-operating revenues.

[b]Includes operating expenses minus depreciation plus transfers out.

[c]Includes Principal and Interest.

CITY OF SOUTHLAKE, TEXAS **TABLE 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(UNAUDITED)

Fiscal Year	Estimated Population[a]	Personal Income	Per Capita Personal Income	School Enrollment[c]	Unemployment Rate[d]
2010	$ 26,575	$ 1,461,343,140	$ 54,989	$ 7,745	6.7%
2011	26,600	1,461,336,252	54,937	7,710	6.8%
2012	26,770	1,542,009,658	57,602	7,692	5.3%
2013	27,080	1,758,105,132	64,923	7,665	5.6%
2014	27,425	1,483,496,607	54,093	7,864	4.4%
2015	27,833	1,613,950,961	57,987	7,884	3.5%
2016	28,290	1,732,874,762	61,254	8,177	3.5%
2017	29,440	1,951,900,038	66,301	8,190	3.0%
2018	29,580	2,189,030,472	74,004	8,341	3.2%
2019	30,310	2,151,828,140	70,994	8,344	2.7%

Note: [a]City of Southlake Economic Development
[b]Carroll Independent School District
[c]Texas Workforce Commission

CITY OF SOUTHLAKE, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TABLE 14

2019			2010		
Employer[a]	Employees[a]	Percentage of Total City Employment	Employer[a]	Employees[a]	Percentage of Total City Employment
Sabre Holdings	3,000	20.14%	Sabre Holdings	2,700	20.61%
TD Ameritrade	2,016	13.53%	Carroll ISD	1,072	8.18%
Carroll ISD	1,152	7.73%	Verizon Wireless	619	4.73%
Keller Williams	700	4.70%	City of Southlake	276	2.11%
Verizon Wireless	650	4.36%	Hilton Dallas/Town Square	218	1.66%
			Tri Dal Ltd.	194	1.48%
			Cheesecake Factory	161	1.23%
			Variosystems Inc.	150	1.15%
			Lowe's Home Improvement	145	1.11%
			Ameristar Information Network	125	0.95%
			Kroger	121	0.92%
			Home Depot	120	0.92%
			Costco Wholesale	107	0.82%
			Alberson's	100	0.76%
			Kohl's	100	0.76%
			Floors, Inc.	100	0.76%
			Tom Thumb	89	0.68%
			Darr Lift	84	0.64%
			Chick-fil-A	75	0.57%
			Buca di Beppo	75	0.57%
Total	7,518	50.46%	Total	6,631	50.63%
Total Southlake Daytime Employees[b]	14,898		Total Southlake Daytime Employees[b]	13,098	

Source: [a]City of Southlake Economic Development
[b]Texas Workforce Commission

CITY OF SOUTHLAKE, TEXAS **TABLE 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government and Administration	48.75	50.75	45.75	49.00	55.75	52.00	59.00	57.00	60.00	74.00
Public Safety	113.50	113.50	119.50	138.45	140.45	140.95	140.95	139.95	141.45	141.15
Public Works	24.50	24.50	29.70	29.95	27.25	33.25	28.25	34.50	35.50	35.00
Culture and Recreational	61.50	61.50	62.15	62.15	62.15	65.65	71.40	72.03	114.78	108.93
Water and Sewer	29.50	29.50	29.30	29.30	29.50	29.50	30.25	31.00	31.00	31.00
Community Development	23.00	21.00	21.00	21.00	23.00	23.00	23.00	23.00	23.00	22.00
Economic Development	3.00	3.00	3.50	3.50	4.00	4.00	4.00	1.00	1.00	2.00
Total	303.75	303.75	310.90	333.35	342.10	348.35	356.85	358.48	406.73	414.08

Source: City Budget

CITY OF SOUTHLAKE, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 16

	Fiscal Year									
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Number of Employees	56	54	54	53	68	68	68	67	68	72
Number of Violations (Citations)	16,213	17,878	14,062	21,497	32,641	30,451	14,858	13,840	13,492	13,759
Number of Arrests	1,045	886	1,420	1,079	1,284	1,095	513	1,148	1,027	719
Number of Alarm calls[a]	3,208	3,922	4,267	3,889	3,087	3,497	3,673	3,284	3,434	3,171
Fire										
Number of Employees	50	50	56	68	72	72	73	73	73	73
Number of Fire runs	896	1,058	990	1,215	1,245	1,220	760	807	811	748
Number of EMS runs	960	1,246	985	1,356	1,492	1,448	1,745	1,808	1,802	1,875
Number of Hazardous materials runs	84	80	44	80	56	43	95	105	109	90
Number of Alarm calls	450	460	392	448	461	501	608	652	651	678
Development Services										
Streets maintained (miles)	226	228	228	245	268	204	209	199	211	213
Streets crack sealed (blocks)	78	92	117	121	94	N/A	N/A	75	391	384
Roadway signage replaced/installed	258	292	255	216	188	N/A	568	N/A	21	136
Asphalt repairs (tons)	885	1,045	1,833	2,414	2,802	4,849	4,667	6,671	5,191	6,100
Concrete repairs to roads/sidewalks (cu. yds.)	366	344	288	294	240	2,421	308	1,462	1,188	503
Right-of-way maintenance (miles)	450	456	456	484	484	N/A	N/A	5	417	417
Building Permits Issued[b]	2,772	2,709	2,727	2,917	3,051	2,979	2,703	3,163	3,453	3,133
Planning & Zoning cases heard	78	65	85	121	143	136	190	100	110	76
Cultural and Recreational										
Parks and Recreation										
Park maintain & operate per acre	800	800	800	800	1,205	1,200	1,106	1,106	1,106	1,106
Participants in Leisure Service Programs	14,397	13,579	12,259	13,170	6,227	6,200	8,687	8,735	9,844	17,555
Participants in Special Events	40,200	45,150	37,546	46,500	47,000	60,000	66,000	72,625	71,400	65,000
Participants in Senior Center Programs	8,255	8,255	10,401	10,609	4,935	4,900	8,868	13,449	13,552	14,068
Library										
Volumes in Collection	55,950	52,350	51,790	50,250	46,781	44,971	45,416	44,899	43,947	41,789
Patrons	19,446	18,889	20,902	21,622	16,662	16,838	13,461	13,764	14,327	15,267
Water and Sewer										
Number of Water Consumers	9,379	9,466	9,543	9,765	9,825	10,183	10,581	10,941	11,009	11,133
Number of Sewer accounts	7,296	7,431	7,522	7,918	7,770	8,167	8,470	8,889	9,111	11,886
Line inspections (feet)	240,000	190,000	190,000	190,000	217,000	1,086,624	789,266	687,246	574,136	641,941
Water meters installed/repaired/replaced	801	1,158	1,047	565	745	1,284	10,566	135	191	279
Transmitters installed/replaced	235	77	115	140	610	N/A	10,566	489	124	113
Gallons purchased from Ft. Worth (millions)	4,191,077	4,456,921	3,573,648	3,472,212	3,220,075	3,069,971	2,904,048	3,206,363	3,156,019	2,762,227
Gallons distributed (millions)	3,850,792	4,112,056	3,241,014	3,125,358	2,964,457	3,069,971	2,935,818	2,900,926	3,229,438	2,363,542
Maximum Storage Capacity (million of gallons)	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0

Source: City Departments

Notes: N/A Data not available

[a]Police and Fire alarm calls combined through 2008.

[b]Includes residential, commercial, and miscellaneous (e.g. pools, fences) permits.

CITY OF SOUTHLAKE, TEXAS **TABLE 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year									
Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police Stations	2	2	2	2	3	3	3	3	3	3
Police Patrol Units	24	24	24	23	26	25	25	25	25	25
Fire Stations	2	2	2	2	3	3	3	3	3	3
Police Motorcycle Units	6	6	6	5	5	5	5	5	5	5
Cultural and Recreational										
Parks	18	18	18	18	18	18	18	18	18	18
Playgrounds	4	4	3	3	5	7	6	6	6	7
Dog Park	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Tennis Courts	21	21	21	21	21	21	21	21	21	21
In-line hockey rink	1	1	1	1	1	1	1	1	1	1
Ballfields	21	21	21	21	44	32	27	29	29	29
Soccer Fields	17	17	17	17	17	13	12	21	21	21
Nature Center	1	1	1	1	1	1	1	1	1	1
Water and Sewer										
Water Mains (miles)	241	255	258	206	294	285	290	284	298	301
Lift Stations	15	15	15	15	14	13	13	14	15	15
Sanitary Sewer Mains (miles)	188	193	195	206	209	206	209	212	216	218
Drainage, ditches/creeks (miles)	85	85	89	91	91	36	36	48	52	51
Fire hydrants	2,227	2,374	2,902	2,395	2,486	2,594	2,643	2723	2,774	2,809
Water valves	5,680	6,690	7,614	6,388	6,686	N/A	7,154	7360	7,553	7,673

Source: City Departments
N/A - Data not available